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# AGBIZ PROGRAM

FIRST FISCAL QUARTER REPORT 2013  
OCTOBER-DECEMBER 2012

JANUARY 2013

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Implemented by:  
Tetra Tech ARD  
P.O. Box 1397  
Burlington, VT 05402

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## **DISCLAIMER**

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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# ACRONYMS AND ABBREVIATIONS

AAEM	Association of Agro Economists of Macedonia
AAR	Annual Agricultural Report
AD	Activity Description
AI	Active Ingredient
AtF	Access to Finance
B2B	Business to Business
BSP	Business Service Provider
CAP	Common Agricultural Policy
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CeProSARD	Center for Promotion of Sustainable Agriculture and Rural Development
CIPOZ	Center for Applied Research and Permanent Education in Agriculture
CO <sub>2</sub>	Carbon Dioxide
CoP	Chief of Party
COR	Contracting Officer's Representative
CY	Calendar Year
DCoP	Deputy Chief of Party
DOC	Development Outreach and Communication
EG	Economic Growth
EU	European Union
EPI Centar	Economy, Planning, Innovation Centar
EPA	Environmental Protection Agency
FACE	Foundation Agro-Center for Education
FAO	Food and Agriculture Organization
FG	Focus Group
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FY	Fiscal Year
GAP	Good Agricultural Practice
GLOBAL G.A.P.	GLOBAL Good Agricultural Practice
GoM	Government of Macedonia
HACCP	Hazard Analyses and Critical Control Point
HYD	Hygienic Engineering and Design
IC	Innovation Center
IDEAS	Investment Development and Export Advancement Support/USAID funded
IM	Invest Macedonia
IPM	Integrated Pest Management
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISC	Integrated Supply Chain
ISO	International Organization for Standardization
IT	Information Technology
LA	Lead Actor
LF	Lead Facilitator
LoP	Life of Program
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MAEA	Macedonian Agro Exporters Association
MAP	Macedonian Association of Processors
MASIT	Macedonian Chamber of Information and Communication Technologies
MCG	Macedonian Consulting Group
MK	Macedonian

NARDS	National Strategy for Agriculture and Rural Development
NEA	National Extension Agency
NOA	New Opportunities for Agriculture
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PG	Producer Group
PGI	Protected Geographic Indication
PDO	Protected Designation Origin
PIRN	Policy and Institutional Reform Need
PO	Producer Organization
PPD	Public Private Dialogue
PV	Processed Vegetables
RCI	Regional Competitiveness Initiative
RCO	Regional Contracting Officer
RfA	Request for Approval
SEE	South-East Europe
SEMP	Sector Export Marketing Plans
SFD	Strategic Framework Document
SIPPO	Swiss Import Promotion Programme
SME	Small and Medium Enterprise
SoW	Statement of Work
SSG	Sub-sector Standing Group
STTA	Short-term Technical Assistance
SWOT	Strengths, Weaknesses, Opportunities and Threats
ToR	Terms of Reference
TtARD	Tetra Tech Associates in Rural Development
ULO	Ultra-low Oxygen
UNDP	United Nations Development Programme
US	United States
USAID	United States Agency for International Development
VC	Value Chain
VCLF	Value Chain Lead Facilitator



# DEFINITIONS

Each of the following sections defines key terms used in this report.

*Activity* – An event or action designed to help achieve one or more AgBiz Extension objectives. A value chain competitiveness enhancement event that is designed for multiple customers in one or more value chains, and includes trade fairs, study tours, human capacity enhancement/training, value chain profiles, assessments, policy reform evaluations, and business to business (B2B) meetings. AgBiz usually supports activities by direct payments to service providers.

*Project* – A set of business expansion interventions designed by AgBiz to increase the competitiveness and export sales of the customer and jointly funded by a single customer. Typical project expenditures are to construct new facilities or buy new equipment; to design new packaging or brochures; to enter a new market via paying for slotting allowances, in-store demonstrations, or advertising/promotion programs; or to provide technical assistance. AgBiz contributions to a project are supplied via a grant

*AgBiz Extension* – The two-year, \$2.44 million extension of United States Agency for International Development (USAID)/Macedonia's AgBiz Program.

*Business Services Provider (BSP)* – An entity that provides business-related services to agribusinesses, most often a private sector firm such as a consulting company or an individual consultant. In some cases, public sector entities can be BSPs if the services they provide are for commercial business development purposes.

*Embedded Services* – 1) Additional inputs or services provided by a vendor in addition to the main items or services the vendor is selling that help the vendor to make the sale and provide the buyer with added value. 2) Inputs or services provided by a raw materials buyer to increase the quality, lower the cost, or improve delivery timing of the raw materials the buyer is purchasing from a grower. This second type of embedded service is often included in formal or informal production/delivery contracts wherein the buyer will deduct most the buyer's out-of-pocket costs advanced to the grower from the price of the raw materials the buyer purchases.

*Fresh Fruits and Vegetables (FF&V)* – One of the two value chains to be supported by AgBiz.

*Integrated Supply Chain (ISC)* – A sustainably linked, market-focused, and effectively integrated set of participants who provide inputs or services to a single final seller (or coordinated group of final sellers) who work together to enhance the competitiveness of the end products sold by the last links in the supply chain. A supply chain is composed of participants of an ongoing set of vertical linkages that is much smaller and has fewer participants than a value chain.

*Invest Macedonia (IM)* – The newly formed Macedonian export promotion department of the Agency for Foreign Investment and Export Promotion.

*Lead Actor (LA)* – A private sector legal entity that plays a major role in the implementation of an integrated supply chain competitiveness enhancement plan (i.e., set of AgBiz-supported activities). LAs are often consolidators, packers, or processors, but can also be input suppliers, financial entities, or occasionally a trade association.

*Lead Facilitator (LF)* – A firm (most often a BSP) that takes majority responsibility for the planning and implementation of a significant part of an AgBiz component. An LF will be a subproject manager and will need to comply with all relevant USG, USAID, and Tetra Tech Associates in Rural Development (TtARD) regulations.

*Package* – A set of activities designed by an LF, with input from key LAs, to enhance the competitiveness of a specific value chain.

*Partner* – An entity with whom AgBiz will work to achieve the objectives of the extension. In this context, *partner* is a generic term.

*Processed Vegetables (PV)* – One of the two value chains to be supported by AgBiz.

*Public Private Dialogue* – Effective discussions between public and private sector entities that has the goal of achieving a better understanding and consensus on issues that involve both parties—usually policy and public institution reforms.

*Value Chain (VC)* – The firms and individuals participating in related value-adding activities that convert inputs and services supply into outputs for a given set of commodities and products. Most USAID-related value chain development work stops at the importer or wholesale buyer, but includes inputs and services suppliers.

# EXECUTIVE SUMMARY

***Program Development:*** During the first quarter of FY13 (October-December 2012), based on the successful and effective implementation of previous contracts and comprehensive proposals responding to the Program's objectives, AgBiz extended the subcontracts with Lead Facilitators EPI Centar and MCG to continue to implement activities aimed at enhancing productivity and competitiveness of integrated supply chains and increasing domestic and export sales, with CeProSARD on public private dialogue and organizational advocacy capacity enhancement, and with Innovation Center on enhancing access to finance. Following the Workshop held on 20<sup>th</sup> and 21<sup>st</sup> September to present newly proposed activities for FY '13 per Component, including the key constraints and opportunities, objectives and recommended AgBiz interventions, the Annual Work Plan was submitted to and formally approved by USAID.

AgBiz staff continued to provide direct guidance and support to Lead Facilitators to successfully develop and implement activities. AgBiz maintained excellent coordination with USAID Mission and all relevant institutions particularly Ministry of Agriculture Forestry and Water Economy, the Agency for Foreign investments and export promotion, Association of Agro Economists of Macedonia and other stakeholders in the agribusiness sector. This Quarter, AgBiz issued two (2) press releases and significant media advisories that were published in 37 print and electronic media. Additionally, the Program developed and submitted 2 success stories.

***Increased Domestic and Export Sales and Improved Competitiveness and Productivity:*** In the period October – December 2012, VC Lead Facilitators for FF&V and PV managed to successfully complete three and initiate development and implementation of additional eight VCs' capacity enhancement activities. This set of activities have comprehensive and considerable impact on strengthening the capacity of LAs and their integrated supply chain farmers to improve production technology, better utilization of post-harvest handling processes, understanding of market demand and product specifics, linking with potential relevant buyers ultimately leading to greater domestic and export sales and increased incomes for all participants in the FF&V and PV value chains. Both VC Lead Facilitators successfully executed several activities where FFRM, other BSPs and individual international and/or local experts were included as their subcontractors.

***Increased Productivity, Competitiveness and Sales for Fresh Fruit and Vegetables Value Chain:*** The efforts to establish market linkages with targeted non-traditional markets continued with organizing the third conference and B2B meeting with the potential buyers for fresh fruits and vegetables with special focus on the table grape buyers from Slovakia. Visiting the trade fair Interpoma, Bolzano in Italy for apples followed by apple post-harvesting study tour in Croatia helped 8 LAs and VC representatives gather adequate knowledge and develop new skills in apple production technology as well as establish significant contacts for potential new sales deals. EPI Centar has established a demonstration trial by introduction of various post-harvesting techniques to preserve apples for a group of apple producers in Resen region. The trial includes analysis on post-harvesting techniques for three different varieties of apples that will extend apple shelf-life. EPI Centar initiated an activity in cooperation with UNDP and the High School in Resen to establish a modern intensive production apple orchard. The cooperation includes expertise and technical support in implementing field activities monitored by a Senior Apple Production Technology Expert. It is expected the establishment of a demonstration plot using adequate planting material, irrigation system, mini meteorology station provided by UNDP, technical expertise and local assistant engaged by AgBiz will have a significant positive effect on promotion of modern intensive apple production and future sustainable development of apples production in the region. In cooperation with and financially supported by the MAFWE, EPI Centar organized a group of 10 relevant export companies to exhibit at Fruit Logistica Trade Fair 2013 in Berlin. The group of Macedonian exporters will have the opportunity to present their product range at a National stand, identify new buyers, and enhance understanding of the latest trends and know-how regarding production and post-harvest handling of fresh produce that will help them to meet market demand.

**Increased Productivity, Competitiveness and Sales for Processed Vegetables Value Chain:** As part of the efforts to explore possibilities for exporting processed vegetables to alternative markets, PVLFF coordinated a buying mission of Russian Importers to Macedonia. Following the contacts established at the World Food Moscow fair in September 2012, this quarter a group of Russian potential importers visited Macedonia and held B2B meetings with PV VC companies where they presented their products and discussed interest for importing PV products from Macedonia. At the primary production level, the continuation of contract farming included analysis of fulfillment of contracts for supplying raw materials followed by discussion and resolution of all open contract farming issues between producers and processors. Further assistance in implementation of contract farming allowed more than 200 farmers to sign formal contracts for production and buyout of vegetables. Technical assistance and training for farmers provided by the Center for Applied Research and Permanent Education in Agriculture (CIPOZ) in production of yellow pepper enabled farmers from Vege Fresh cooperative to introduce a new pepper variety for processing, thus increasing their yields, diversifying their production and increasing their incomes in addition to strengthening capacity and improving collaboration within the LAs supply chains. This will expand PV VC LAs product range, improve food quality practices and attract additional customers for their existing and new products. The Study Tour conducted to Hungary for a group comprised of farmers, FFRM, MAFWE and PV VC representatives will facilitate direct exchange of experiences and obtain details related to the establishment and functioning of successful PGs and POs in the horticulture sector.

**Support for Invest Macedonia (IM):** This quarter, Invest Macedonia uploaded the directory with Agribusiness companies developed by AgBiz and presented this at the official presentation of the E-portal. Invest Macedonia central office and export promoters continued to use the advanced Market Information Data from Euromonitor. As part of the bilateral cooperation the Minister of Rural Development of Hungary and businessmen delegation from the agriculture and food sector paid a visit to Macedonia. With AgBiz support, IM together with MAFWE organized a business forum where Macedonian companies from the Agro sector met with potential Hungarian partners and discussed possibilities for trade. Invest Macedonia representatives held a technical meeting with both AgBiz Value chain Lead Facilitators to discuss involvement of IM in the forthcoming VC activities. On December 26<sup>th</sup> AgBiz in close coordination with the VCLFs organized training for IM Export Promoters and presented an overview of FF&V and PV value chains and export promotion activities that should be organized with direct involvement of IM staff. The program also presented the process for Developing Sector Export Marketing Plans for FF&V and PF&V and selected target markets.

**Enhanced Agricultural Business Environment:** In the new fiscal year, AgBiz extended the contracts with LFs to continue with implementation and wrapping up initiated activities. The remaining trainings for Advocacy and PPD continued as did utilization of the financial platform to assist access to finance by companies supported by the Financial Facilitators.

**Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund:** During this quarter AgBiz supported the MAFWE to complete the Preparation of the guidelines for PDO/PGI registration of Stanushina wine, Ohrid black cherry and Winter White grapes; Annual Agricultural Report for 2011, Strategic Framework Document for the new NARDS; and Training for the parliament's committee for agriculture and MAFWE on EU negotiation processes for integration.

**Policy and Institutional Reform Needs Identification, Prioritization and Analyses:** During this quarter, four (4) needs for Policy and Institutional Reform were identified: Lack of functional scheme for using the agricultural insurance as a product for farmers; Support to the Government of R. Macedonia for participation at the Global G.A.P. summit; Lack of implementing procedures of Good agricultural and hygiene practices as a precondition for future State support policy; and Complex regulations for buyout of fresh products for processing. The first three were prioritized and activities for addressing them were initiated. Please see more details in the PIRN section of this report.

**Development of VC Export Strategies and Plans for the FF&V and PV VCs:** LF Macedonia Export in coordination with the CBI international expert and AgBiz finalized the first part of the SEMP (Internal Analysis) and in October coordinated the workshop for development of External Analysis of the FF&V and PF&V value chains. The participants at both workshops have analyzed export markets statistics and a country evaluation matrix developed based on agreed competitiveness factors and criteria.

They discussed current market position of both sub-sectors and potential growth on selected markets and established export objectives. As a follow up, Macedonia Export team organized scoring meetings and facilitated the next workshop on Confrontation where participants matched internal capacity (strengths and weaknesses) with possibilities and threats to expanding sales on 5 pre-defined markets that were selected as markets having the highest potential within each of the sub-sectors. All activities were accomplished in close coordination with main stakeholders, GoM institutions, Universities, Donors, Chambers of Commerce, etc.

***Public Private Dialogue and Organizational Advocacy Capacity Enhancement:*** With the aim of supporting the creation of effective PPD in the FF&V and PV subsectors, an on-line information tool has been updated in line with beneficiaries's needs. During this phase of Project implementation, information was regularly published on the CeProSARD web page. The process of communication with MAFWE IT departments, Department for Policy Analysis and Secretaries of the SSG has started, a detailed timeframe for forthcoming activities and for adoption of the tool has been agreed and the process of adaptation is on-going.

Interest in meetings of the Subsector Standing Group for Vegetables has grown, as evidenced by the large number of participants. In the course of two meetings the Operational Program of the SSG for vegetables and Proposed Annual Program for vegetables were discussed and adopted.

***Enhanced Access to Finance:*** During the first quarter of FY'13, IC started its AtF activities in the FFV&PV VCs. IC co-organized one educational event for farmers from the sub-sectorial group for vegetables in December at MAWFE, together with CeProSARD. IC continued supporting access to finance projects by cost-sharing the FFs' fee. This last activity resulted in 9 companies successfully accessing finance.

***Monitoring and Evaluation:*** Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the quarter. Over 80 percent of the indicators are on-schedule or are being overachieved at the end of this reporting period. Data collection for indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities in CY 2012 Fourth Quarter was also coordinated and the internal Management Information System continued to be regularly updated.



# I.0 FIRST QUARTER ACCOMPLISHMENTS

## I.1 PROGRAM DEVELOPMENT AND IMPLEMENTATION

### I.1.1 Actions Completed during the Quarter

#### ***Compliance/USAID Approvals***

During this Quarter AgBiz submitted Requests for Approval (RfAs) and received approvals from USAID Contracting Officer's Representative (COR) and Regional Contracting Officer (RCO) as required and in compliance with USAID rules and regulations.

#### ***Compliance/ MK Laws & TtARD Policies & Procedures***

- Assisted LFs in Activity Implementation:
  - a) Contract Mods issued for all approved activities for increasing the Contract's obligated funding;
  - b) Reviewed Activity Descriptions (AD) Budgets;
  - c) Sub-sub-contractor procurement, purchasing and contracting procedures;
  - d) Final cost-sharing;
  - e) Financial Reporting and payments;
  - f) Reimbursed all Value Chain Lead Facilitators (VCLF) for previous month's expenses.

### I.1.2 Subcontracting LFs and other Qualified Local Business Service Providers

#### ***Extending Lead Facilitators' Contracts***

During the previous Quarter the Proposal Evaluation Committee reviewed and commented on the proposals for FF&V VC and PV VC, Enhanced Access to Finance (AtF) for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains and Strengthening Public Private Dialogue (PPD) through the Increased Utilization of Effective Advocacy. During this Quarter AgBiz signed Modifications to the current contracts that modified:

- Date and extended duration of 7.5 months with specification that services should be completed no later than May 15, 2013;
- New Statement of Work (SoW) with deliverables;
- Fixed Management fee amount; and
- Cost reimbursable amount or not to exceed portion of the contract that will be reimbursed at the actual Activity cost, based on receipts.

The following Table 1 details the amounts of the Modifications per LF.

TABLE 1. AGBIZ CONTRACT MODIFICATIONS TO LEAD FACILITATORS					
	Type of Contract	SUBMITTED TO USAID	Term	Signed	US\$
<b>Lead Facilitator</b>	<b>Economy, Planning, Innovation Centar (EPI Centar)</b>				
EPICENTAR Fresh Fruit & Vegetables VC Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$127,356
Management Fee					\$59,078
Activities					\$68,278
<b>Lead Facilitator</b>	<b>Macedonia Consulting Group (MCG)</b>				
MCG Processed Vegetables Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$85,277
Management Fee					\$44,235
Activities					\$41,042
<b>Lead Facilitator</b>	<b>Center for Promotion of Sustainable Agriculture and Rural Development (CeProSARD)</b>				
CeProSARD Advocacy and Public Private Dialogue strengthening	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$22,430
Management Fee					\$6,150
Activities					\$16,280
<b>Lead Facilitator</b>	<b>Innovation Centar (IC)</b>				
Access to Finance Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$22,650
Management Fee					\$9,750
Activities					\$12,900
<b>TOTAL MODS DURING THE QUARTER</b>					<b>\$257,713</b>

### Subcontracting other Qualified Local Business Service Providers

Numerous qualified local BSPs were engaged to implement single activities developed by AgBiz and not managed by LFs under 1.1.2, 1.3.1, and 1.3.2. A USAID-compliant process for procuring services from qualified local BSPs was implemented that utilizes an open and competitive bidding process. In essence, the same procurement, implementation, and monitoring procedures were successfully applied to these BSPs (as was applied to LFs).

### Agreements Signed Report

Table 1 below shows the total number of Activity Descriptions approved by USAID during the Quarter worth \$215,434 mainly for the remaining activities of the LFs' Subcontracts. All agreements were with Macedonian companies or individuals.

TABLE 2. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS					
Lead Facilitator	EPI Centar				
ACTIVITIES	Type of Contract	SUBMITTED TO USAID	Term	Signed	US\$
EPICENTAR Fresh Fruit & Vegetables VC Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$127,356
Included Management Fee					\$59,078
Activity Description	Type of Contract	SUBMITTED TO USAID	USAID COR	Signed	US\$
FF&V VC on Monitoring of VCs performance through Focus Group Discussions;	AD	21-Oct-12	29-Oct-12	NR	\$7,090
FF&V VC on Organizing networking event and B2B with potential buyers from Slovakia	AD	21-Oct-12	29-Oct-12	NR	\$11,118
Study Tour and visit to apple Trade Fair Interpoma in Bolzano, Italy	AD	05-Nov-12	06-Nov-12	NR	\$7,034
Support for the establishment and cultivation of intensive apple orchard in Prespa and promotion of the market demanded varieties through a demonstration plot	AD	05-Dec-12	08-Dec-12	NR	\$4,840
Improvement of market linkages through an exhibition stand on Fruitlogistica 2013	AD	19-Dec-12	19-Dec-12	NR	\$10,086
Training for Farmers and preparation of Brochures on: 1. Promotion of environmentally friendly technologies for pepper production and 2. Post harvest operations	AD	17-Dec-12	17-Dec-12	NR	\$6,281
Improvement of the Fresh Fruits Supply Chain efficiency through providing support in the initiation of a modern distribution center	AD	24-Dec-12	24-Dec-12	NR	\$7,500
Cost-benefit analysis of the use of different energies in	AD	24-Dec-12	24-Dec-12	NR	\$8,765



**TABLE 2. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS**

greenhouses/glasshouses among the small producers (alternative heating system)					
<b>ACTIVITIES SUBTOTAL</b>					<b>\$62,714</b>
<b>Lead Facilitator</b>	<b>MCG</b>				
<b>ACTIVITIES</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>Term</b>	<b>Signed</b>	<b>US\$</b>
MCG Processed Vegetables Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$85,277
Management Fee					\$44,235
<b>Activity Description</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>USAID CO</b>	<b>Signed</b>	<b>US\$</b>
Facilitation/Implementation of Contract Farming II.	AD	29-Oct-12	31-Oct-12	11-Oct-12	\$25,000
Organizing a buying mission of Russian importers in Macedonia	AD	29-Oct-12	31-Oct-12	NR	\$3,326
AD on production of new pepper varieties for processing. It includes cooperation between PV VCLAs and interested primary producers predominantly from Vege Fresh Cooperative	AD	01-Nov-12	02-Nov-12	NR	\$10,328
Integrated business solution for enterprises	AD	19-Nov-12	20-Nov-12	NR	\$7,500
Study tour for POs/PGs for farmers in selected EU country	AD	06-Dec-12	08-Dec-12	NR	\$20,000
<b>ACTIVITIES SUBTOTAL</b>					<b>\$66,154</b>
<b>Lead Facilitator</b>	<b>CeProSARD</b>				
<b>ACTIVITIES</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>Term</b>	<b>Signed</b>	<b>US\$</b>
CEPROSARD Advocacy and Public Private Dialogue strengthening	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$22,430
Management Fee					\$6,150
<b>Activity Description</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>USAID CO</b>	<b>Signed</b>	<b>US\$</b>
AD on Organizing working meetings of the Subsector standing groups on different fruits and vegetables related topics	AD	29-Oct-12	31-Oct-12	NR	\$2,780
Advocacy &PPD on updating the new website by posting relevant information such as draft laws and regulations, analysis, reports etc.	AD	21-Oct-12	29-Oct-12	NR	\$3,100
<b>ACTIVITIES SUBTOTAL</b>					<b>\$5,880</b>
<b>Lead Facilitator</b>	<b>Innovation Centar</b>				
<b>Activity Description</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>Term</b>	<b>Signed</b>	<b>US\$</b>
Access to Finance Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012-May 15, 2013	30-Oct-12	\$22,650
Management Fee					\$9,750
<b>Activity Description</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>
AD from Innovation Center on Helping companies access finance by cost-sharing the services of IC FP pool of Financial Facilitators.	AD	09-Oct-12	10-Oct-12	N/A	\$12,000
<b>ACTIVITIES SUBTOTAL</b>					<b>\$12,000</b>
<b>ACTIVITIES</b>	<b>Special Opportunities Fund Ministry of Agriculture, Forestry and Water Economy (MAFWE)</b>				
<b>Activity Description</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>Term</b>	<b>Signed</b>	<b>US\$</b>
AD for development of the Annual Agricultural Report.	AD	01-Oct-12	02-Oct-12	NA	\$6,000
AD for development of a Strategic Framework document as basis for initiation of the work on the new National Strategy for Agriculture and Rural Development (NARDS).	AD	01-Oct-12	02-Oct-12	NA	\$12,500
AD on Building MAFWE's and Parliament's Agricultural committee capacities in the preparation for negotiations process with EU.	AD	19-Oct-12	19-Oct-12	NA	\$13,000
<b>ACTIVITIES SUBTOTAL</b>					<b>\$31,500</b>
<b>ACTIVITIES</b>	<b>MACEDONIA EXPORT</b>				
<b>Activity Description</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>Term</b>	<b>Signed</b>	<b>US\$</b>
AD on SEMP's workshops on External Analysis and Development Strategy of the FFV and PFV.	AD	29-Oct-12	29-Oct-12	NA	\$9,786
Developing Sector Export Marketing Plans for FF&V and PF&V value chains - Confrontation	AD	10-Dec-12	10-Dec-12	NA	\$10,140
<b>ACTIVITIES SUBTOTAL</b>					<b>\$19,926</b>
<b>AGBIZ DIRECTLY SUBCONTRACTED ACTIVITIES</b>					
<b>Activity Description</b>	<b>Type of Contract</b>	<b>SUMBITED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>

**TABLE 2. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS**

PIRN					
Global G.A.P. summit in Madrid, Spain	AD MoU	8-Oct-12	8-Oct-12	8-Oct-12	\$5,560
Developing a functional scheme for increased utilization of the agricultural insurance as a product for farmers	AD	12-Dec-12	12-Dec-12	15-Dec-12	\$3,900
Development of implementing procedures of Good agricultural and hygiene practices as precondition for future State Support Policy	AD	12-Dec-12	12-Dec-12	21-Dec-12	\$7,800
<b>ACTIVITIES SUBTOTAL</b>					<b>\$17,260</b>
<b>TOTAL DURING THE QUARTER CONTRACTS</b>					<b>\$257,713</b>
<b>TOTAL DURING THE QUARTER ACTIVITIES</b>					<b>\$215,434</b>

### **I.1.3 Actions Planned for the Next Quarter**

#### **Compliance/USAID approvals**

During the following Quarter AgBiz will submit RfAs to USAID COR and RCO as required and in compliance with USAID rules and regulations.

#### **Compliance/ MK Laws & TtARD Policies & Procedures**

During the coming Quarter AgBiz will continue to operate under USAID and TtARD Policies and Procedures.

#### **Budget and Finance Management**

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- Prepare Monthly Budget Projections reports, subcontractors' financial pipelines and control budget expenditures to successfully implement a highly leveraged activities' program.
- Prepare LF Subcontracts Final Financial reports.

#### **Human Resources and Staffing**

Successfully guide, provide feedback and complete Performance Evaluation for all local staff.

#### **On-going Monitoring, Control and Successful Close out of all Lead Facilitators Subcontracts**

AgBiz staff will continue to assist, monitor, and control all subcontracts by providing approval of:

- Activity Descriptions;
- Sub-sub-contractor SoWs;
- Financial Reporting;
- Final cost-sharing;
- Memoranda of Understanding/Letters of Intent with third parties;
- Procurement and purchasing procedures;
- Reporting, monitoring and evaluation, and outreach; and
- Payment procedures.

### **I.1.4 Inclusive Development**

USAID is committed to the inclusion of people who have physical and cognitive disabilities and those who advocate and offer services on behalf of people with disabilities. USAID's policy on disability is as follows: To avoid discrimination against people with disabilities in programs which USAID funds and to stimulate an engagement of host country counterparts, governments, implementing organizations and other donors in promoting a climate of nondiscrimination against and equal opportunity for people with disabilities. The USAID policy on disability is to promote the inclusion of people with disabilities both within USAID programs and in host countries where USAID has programs.

For the period of this quarter, whenever possible AgBiz held trainings and events in venues accessible for the people with disabilities.

### **1.1.5 External Cooperation and Coordination**

AgBiz and its subcontracted LFs have continued comprehensive cooperation and coordination with the USAID Mission, other private sector entities, donor projects, Chambers of Commerce as well as relevant Ministries and other Government of Macedonia (GoM) institutions. In order to optimize the impact on increasing the incomes for all participants in the two targeted value chains, by increasing exports, improving productivity, enhancing the agricultural business environment, and increasing access to finance, the Program is leveraging support through all participants in the FF&V and PV VCs, shares experiences, promotes learning from each other and jointly support activities. AgBiz and LFs cooperated during the quarter in the following ways, with other entities:

- AgBiz staff and VCLFs contributed to the debate organized by MAFWE in regards to a new cooperative law; participated at the 132<sup>nd</sup> Symposium of European Association of Agricultural Economists, gave presentation at the Conference “What WE do for small and medium sized enterprises (SMEs)” organized by Foundation Business Startup Centre Bitola.
- AgBiz Management participated and presented the Program’s experience in “Business expansion across borders” at Business Enabling Environment Reform Workshop for the South-East Europe (SEE) Region, organized by Regional Competitiveness Initiative (RCI) and USAID;
- AgBiz Chief of Party (CoP) and Deputy Chief of Party (DCoP) Public Sector Liaison & Access to Finance participated at the Agricultural Policy Forum 2012 on policy perspectives on environmentally sustainable agriculture and rural development in SEE.
- AgBiz participated at the promotional event organized by GoM and USAID’s Investment Development and Export Advancement Support (IDEAS) for launching of 3 new web portals: [www.investinmacedonia.com/export](http://www.investinmacedonia.com/export), [www.ener.gov.mk](http://www.ener.gov.mk) and [www.konkurentnost.mk](http://www.konkurentnost.mk); contributed to a Macedonian Chamber of Information and Communication Technologies (MASIT) presentation for the use of software in the Agribusiness sector in the country and to the Swiss Import Promotion Programme (SIPPO) conference for presentation of the gap analysis on the Macedonian agriculture sector with emphasis on FF&V, PV and natural ingredients (wild gathered and organic) value chains.
- AgBiz PV VC Lead Facilitator contributed at a meeting organized by MAFWE in regards to subsidies for farmers that cooperate with the industry, participated at the meeting organized by GoM related to the new 5 year national program for agricultural and rural development 2013 – 2017, provided its input to the work of F&V sub sector working group in regards to finalization of the buyout of fresh F&V rulebooks, coordinated meeting of Macedonian Association of Producers (MAP) board members with Payment Agency representatives related to marketing support for PV exporters and presented performance of the processing industry 2011 report at the International symposium for agriculture and food organized by the Faculty of Agriculture and food science.
- PV VC Lead Facilitator held cooperation meetings with representatives from VC organizations [Federation of Farmers of the Republic of Macedonia (FFRM), MAP, Alliance of Cooperative, Macedonian Agro Exporters Association (MAEA), Chamber of Commerce, Association of farmers, Macedonian Association of Agricultural Cooperatives, Chamber of Commerce Union); with representatives from Governmental institutions (MAFWE, Cabinet of the Vice Prime Minister for Economic Affairs in GoM and National Extension Agency (NEA)] and Coordination meetings with other AgBiz components.
- FF&VVC Lead Facilitator continued the cooperation with other AgBiz Program LFs and FFRM as well as other external stakeholders of the agribusiness sector: Cooperated with United Nations Development Programme (UNDP) and Car Samoil High School Resen in the implementation of Activity 4 (intensive apple orchard establishment), and with MAFWE for coordination of Fruitlogistica exhibition 2013 for FF&V companies from Macedonia. FF&V LF met with representatives of New Opportunities for Agriculture (NOA) project on-going in Kosovo, the Kosovo Agency for Food Safety and the representatives of the Kosovo Ministry of Agriculture and discussed opportunities for further cooperation and presence of Macedonian fresh food on the Kosovo market, held a meeting with the five largest table grapes producers in the country following the initiative for establishment of an association of table grapes producers on the

national level; collaborated with Rural Development Network Project on the opportunities for cooperation especially in the area of Focus Group (FG) discussions held on a quarterly basis in the project extension activities and the Chamber of Commerce on joint organization of the networking and B2B event for the table grapes with potential Slovakian importers

- Both VCLFs and AgBiz contributed as advisory board members at the Annual FFRM Meeting on the project's progress, participated at a consultants' meeting on the obstacles that the companies are facing during the process of Instrument for Pre-Accession Assistance for Rural Development (IPARD) projects implementation, and meetings with MASIT on the opportunities of the Information Technology (IT) sector within the agribusiness area.

## **I.2 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR FRESH FRUITS AND VEGETABLES**

In the fourth quarter of Calendar Year (CY) 2012 the FF&V VC showed a significant increase in the value of buy-out of fresh agriculture products compared to the same period last year. The value of sales of fresh fruits has increased by over 30% whereas the sales of vegetables has decreased (less than 8%)<sup>1</sup> compared to the same period 2011. The main reason for such augmented export of fruits is mainly due to the favorable production season for apples and table grapes in Macedonia when most of the production of apples and table grapes in the region and in European Union (EU) has suffered from low temperatures during the spring and a very dry and warm summer season which has almost ruined their whole production. This has allowed Macedonia to offer their products at very competitive prices on the export market.

During the last quarter of the year, most of the open field vegetable production is used by the processing industry therefore greenhouses and glasshouses are holding off the production of high quality fresh vegetables as prices on domestic and export markets are low.

Being the single largest export oriented sub-sector (after tobacco), the GoM remained focused on supporting the FF&V value chain through providing substantial support in the form of financial subsidies and provisions under the rural development program. The level of cooperation among the VC players has no significant changes; however few cooperatives, especially Vege Fresh from Strumica showed improvement in their capacity for coordinating considerable production and supply of vegetables, thus becoming a very relevant partner for the Processing industry. As part of the Agbiz Program, EPI Centar in cooperation with FFRM and Chamber of Commerce of Macedonia continued with implementation of activities to improve productivity and open new export opportunities for the Macedonian producers and exporters especially on non-traditional markets.

### **I.2.1 Activities Completed during the Quarter**

#### **Organization of a Networking Event for Access on Non-traditional Export Markets through Conferences and B2B Meetings, Slovakia**

**Objective:** Increase of the potential for non-traditional market presence and increased export sales of FF&V.

**Activity Summary:** During October and November EPI Centar in cooperation with the FFRM and the Economic Chamber of Macedonia organized the third networking event for access to non-traditional export markets. A group of five potential Slovak importers led by a Slovak consultant visited Macedonia and had B2B meetings with Macedonian producers/exporters of FF&V. They participated at a conference where the consultant presented the FF&V market in Slovakia including import structure with emphasis on the table grapes and gave insights on consumer preferences. The Slovak Ambassador in Macedonia encouraged the strengthening of business relations and higher export import dynamics between the two countries whereas Invest Macedonia presented their export support function and

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<sup>1</sup> According to the "Purchase and Sale of Agriculture Products" 11.01.2013, [www.stat.gov.mk](http://www.stat.gov.mk)



opportunities for investing in Macedonia. The second day, the representatives of Slovak importers visited and had direct B2B meetings with producers of table grapes in Tikves region, fresh vegetable producers in Bogdanci and a Winery. The Slovakian representatives considered the B2B meetings of great benefit to get in touch with Macedonian exporters of fresh produce, and an opportunity to directly evaluate products and quality characteristics.



PHOTO CREDIT: AGBIZ STAFF

**Potential Buyers from Slovakia visiting Badzo's Greenhouse in Bogdanci**

They found Macedonian table grapes comparable with those imported into Slovakia from other countries and expressed great interest for developing business and trade relations for fresh importing fruits and vegetables from Macedonia. Hortim Slovakia was interested in importing table grapes from Permindex Ltd. Export – import, Vardar Gradsko, Fruta Grozd and Peca Komerc

(companies visited during the field visit). Hortim & BoniFructi started negotiations for purchasing tomatoes from Badzo PT, Gevgelija. After the visit, two of the Slovak companies started negotiation to import wine and had additional consultations for importing fruit & vegetables, including table grapes, for 2013.

*(For more details, please see “Activity Result Report Networking Event and B2B Meetings with Importers from Slovakia” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$16,368; AgBiz Share: \$11,118 or 68%.

### **Visit to the Apple Trade Fair, Interpoma Bolzano in Italy**

**Objective:** Improve the knowledge in production technology of Macedonia's leading producers of apple/fruit and table grapes VCs and encourage improved competitiveness and productivity.

**Activity Summary:** The activity was implemented in the period from 14 to 17 November 2012. A group of 8 representatives including 3 LAs (Agrobis, Agro Eurotehnika, Permindex), 1 Apple Production Technology Expert and 1 Technical FF&V Apple Consultant, 1 MAFWE representative and 2 representatives of LF EPI Centar participated at the Apple Fair in Bolzano. The activity helped the group to get information on the trends in production technology including planting material, various inputs, equipment, harvesting practices, mechanization as well as post-harvesting technology, pre-cooling, packing, storage and product quality control. Besides visiting the fair, Macedonian apple producers gained technology insights and established contacts with potential inputs suppliers, machinery and technical services providers. As part of the trip to Bolzano Trade Fair, the participants visited Zagreb and Moslavina apple production regions and observed apple storing using the ultra-low oxygen (ULO) technology. Participants concluded that there is an enhanced need for investments in modern storage ULO technologies in order to improve post-harvesting.

*(For more details, please see “Activity Result Report Visit to the Apple Trade Fair, Interpoma Bolzano in Italy” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$14,726; AgBiz Share: \$7,034 or 48%.

### ***Monitoring of the VCs' Performance through Focus Group Discussions***

**Objective:** Develop a platform for continuous monitoring of the VC performance as a basis for identification of the issues and needs for support in the VC on the producer's level.

**Activity Summary:** The Activity is a continuation from the previous year. Technical experts have been contracted to implement Short-term Technical Assistance (STTA) and have started with collection of specific data related to the VC performance for the whole last year. In addition, the points of interest, for which the main source of information will be the FG discussions, have been identified. LF EPI Centar has contracted FFRM as sub-contractor for the activity to organize and manage the FG discussions. The meetings structure, the model for sub-sectors performance monitoring, the tools for identification of gaps and issues followed by proposed interventions will be further implemented solely by FFRM. The FG discussions meetings will continue as open discussions of all stakeholders based on the previous inputs given by the involved STTAs. Participants will have an opportunity to raise issues related to the performance of the specific value chain sub-sector, identify the gaps and propose interventions. At the end of the Activity, EPI Centar will prepare updated VC baseline screening reports illustrating the conditions and performance of table grapes, fresh vegetables and fresh fruits sub-VCs. The reports will also include a description of the major issues of each VC and give a detailed picture of the most necessary activities for improvement of planting material and production technology.

**Activity Cost:** Total Cost: \$15,550; AgBiz Share: \$7,090 or 46%

### ***Support the Establishment and Cultivation of Intensive Apple Orchard in Prespa and Promotion of the Market Demanded Varieties through a Demonstration Plot***

**Objective:** Increase of awareness for an intensive apple production with new varieties with a demonstrative plot.

**Activity Summary:** Besides lack of awareness of new developments within the sub-sector and the lack of knowledge, capacity and significant investment needed for introduction of new technology for high density apple production, producers are skeptical of the benefits that new modern apple orchards can provide. Therefore, complementary to the assistance of the UNDP project for establishment of a demonstration plot with modern technology, EPI Centar signed contracts with two STTAs that will provide professional technical knowledge and capacity building to the high school local technical personnel responsible for managing the intensive production apple orchard. EPI Centar and UNDP have signed a Memorandum of Understanding with the High School in Resen which defines the level of cooperation, contributions and responsibilities of each party and the specifics of activity implementation. The demonstration plot is already constructed while anti-hail netting and fencing is presently being established. Due to the weather conditions (snow and humidity/water stagnancy) the planting of trees has been postponed until after 20<sup>th</sup> of January 2013. It is expected the activity will result in development of local technical knowledge and demonstrate the economic viability of modern apple production technology in the main apple production region of the country.

**Activity Cost:** Total Cost: \$38,340; AgBiz Share: \$4,840 or 13%.

### ***Improvement of Market Linkages through an Exhibition Stands at Fruit Logistica 2013***

**Objective:** Improve linkages with potential new markets and technology transfer.

**Activity Summary:** As a result of a major positive impact on the Macedonian FF&V sector and considerable export development, Macedonian FF&V companies expressed strong commitment to participate at Fruit Logistica 2013 as one of the leading trade fairs for fresh produce. Therefore, MAFWE allocated budget to support 10 leading companies from the FF&V VC to exhibit at a National Macedonian stand at Fruit Logistica 2013. EPI Centar facilitated several meetings with MAWFE

representatives to develop the concept and it was agreed that MAFWE would cover the expenses for space rental and for construction of the stand, thus enabling FF&V companies to have a highly professional presentation and visual identity. EPI Centar supported the MAFWE in preparation of the registration process, obtaining Value Added Tax (VAT) exemption, and in coordinating with the representatives from Fruit Logistica on the approval and the official registration of the National Stand.

EPI Centar has identified ten relevant and export ready companies from the FF&V VC that will participate at the fair and assisted LAs-exhibitors in developing visual presentations that will be featured at the Fair as well as company profiles to be included in the fair catalogue. A local company Panex was selected by MAFWE to design the exhibition stand. Initial designs were evaluated by MAFWE and participating companies. EPI Centar and Panex held a meeting with the representative of Frutilogistica for Southeast Europe Mr. Miha Cebulj and clarified all the details regarding the layout, stand construction specifications and all other trade fair services. Additionally, LF discussed the possibilities for SIPPO contribution to the fair as well as direct involvement of Invest Macedonia representatives. The logistic arrangements including accommodation, air fare and preparation of companies for the fair are in progress. Exhibiting at Fruit Logistica should result in established contacts with potential buyers, produce marketers, consolidators and wholesalers in addition to strengthening linkages with existing customers and creating future strategic partnerships for exporting Macedonian FF&Vs.

**Activity Cost:** Total Cost: \$54,730; AgBiz Share: \$10,086 or 18%

### **Analysis of Experiment Results from Different Post Harvesting Techniques for Various Apple Varieties**

**Objective:** Introduction of various post-harvesting techniques through trial experiments for preservation of apple quality.

**Activity Summary:** In October, the experimental trial of using different post harvesting techniques was implemented on three of the four proposed apple varieties, specifically Ida Red, Golden Delicious and Granny Smith. Due to unexpected early harvest, the selected LAs in the region of Resen have not been able to pack the apples in a specific way, so the fourth apple variety (Mutsu) was not available for the trial. However, all post harvesting techniques proposed have been implemented with the other three varieties and will be monitored in the following period. During December, the vacuum bags placed in the cold storage showed increased respiration within the bags causing inflation of the bags. The cause of this is the increased respiration and CO<sub>2</sub> discharge within the bags. Negative effects on the preservation are not expected, however, the first tests with opening of the vacuum bags will take place in January 2013.

**Activity Cost:** Total Cost: \$10,681; AgBiz Share: \$5,181 or 49%

## **I.2.2 Environmental Protection**

**Possible Negative Environmental Impact:** EPI Centar with support from AgBiz Program ensured that all relevant Subcontractors, STTAs and LAs understand all major FF&V production constraints and follow IPM and pesticide recommendations found in the 2012 Macedonia AgBiz Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP). LF and LAs involved in these activities have received training supported by AgBiz on safe use of pesticides and made sure that all Subcontractor trainers, field extension staff and staff who interact with farmers followed PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides.
- Do not use pesticides containing Active Ingredients that are not Macedonia, EU, Environmental Protection Agency (EPA) or PERSUAP approved;
- Use pesticide safe use practices, training and safety equipment following GLOBAL Good Agricultural Practice (GLOBAL G.A.P.);
- Using FFRM network promote the reduction of pesticides use in the production

It was determined that implementation of some of the phases of the following activities could have negative Environmental Impact: “Support to the sustainable and continuous domestic production of high quality, certified, market demanded fruit planting material”, “Support for the establishment and cultivation of the intensive apple orchard in Prespa and promotion of the market demanded varieties

through demonstration plot”, “Analysis of experiment results from different post harvesting techniques for various apple varieties”, and “Improvement of the fresh fruits supply chain efficiency through providing support to the initiation of a modern distribution center”.

**Recommended Mitigations Measures:** For each of the activities determined as having potential negative Environmental Impact, for all related activities this quarter, EPI Centar engaged experienced technical experts to follow the PERSUAP and guidelines provided at the training regarding the use of pesticides and other chemicals. Throughout the implementation of these activities, technical experts advised LAs and their farmers on the application of production and plant protection techniques and made sure that the substances used were in accordance with PERSUAP and with the European regulations for efficient and sustainable use of pesticides and preservatives. Recommended mitigation measures were provided to all LAs and farmers that have been participating in the activities identified as having possible negative environmental effect.

For all activities under this component pesticides containing any of the Active Ingredients forbidden in the PERSUAP were NOT promoted or used in conjunction with USAID resources.

**Implementation Status:** In Progress

### **I.2.3 Activities Planned for the Next Quarter**

The FF&V VC activities listed below are planned to be implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 4 under section 1.10.4*).

- Monitoring of the VCs performance through FG discussions;
- Support to the sustainable and continuous domestic production of high quality, certified, market demanded fruit planting material;
- Support for the establishment and cultivation of the intensive apple orchard in Prespa and promotion of the market demanded varieties through demonstration plot;
- Analysis of experiment results from different post harvesting techniques for various apple varieties;
- Cost benefit analysis of the use of alternative heating systems;
- Guidelines for the promotion of environmental friendly technologies for pepper production and post-harvesting operations;
- Improvement of market linkages through an exhibition stand at Fruit Logistica 2013; and
- Improvement of the fresh fruit supply chain efficiency through providing support in the initiation of a modern distribution center.

## **I.3 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR PROCESSED VEGETABLES**

Although there is still no official data for 2012, MAP members at their latest Quarterly Management board meeting confirmed that the industry performance results in terms of export sales but also buyout quantities of raw material from farmers and volumes of produced processed vegetables for this year surpassed the figures (export volume of processed vegetables of 32 thousand tons and value of 33.5 million Euros) from 2011 by approximately 10%. In 2012, the number of active Fruit and Vegetables processing companies in the country remained the same as in 2011; 22 companies processing only vegetables, while 15 companies processing both groups of agricultural products and only 4 enterprises are involved solely in fruit processing or in total 43. Around 90% of the overall production is vegetable processing. The largest portion of processors (31) are involved in canning, seven have freezing capacities and only two are involved in drying, while the rest of them (three) have combined production lines.

Though many companies are placing significant efforts to explore opportunities to export to Central and north-east European countries as well as overseas markets, regional markets jointly contributed 38.6% of total volume; 41.4% of the overall value of exports, thus remained the main export destinations for the Macedonian processed F&V.



MAP, the most relevant industry representative, continued lobbying with the Macedonian Bank for Development Promotion and other financial institutions to encourage more favorable financing for the processing industry, particularly for working capital during the season. The industry employs 1,179 full time employees and 3,353 seasonal employees, most of which are from rural areas, skilled in handling agricultural products. The process of engaging and releasing seasonal employees significantly influences industry performance and overall competitiveness. During the last period, MAP held intensive dialogue with the GoM on the status of seasonal employees and managed to contribute to the relaxation of very strict regulations regarding seasonal employment.

MAP but also non-MAP members actively participated in the process of developing the Sector Export Marketing Plan (SEMP) for PF&V, also supported by AgBiz in close cooperation with the Dutch Centre for the Promotion of Imports from Developing Countries (CBI). Due to the favorable climate conditions this season, production satisfied the processing industry's need for raw material. However, the industry expects limited availability of raw materials will be one of the main challenges for future growth of the industry.

### 1.3.1 Activities Completed during the Quarter

#### **Organizing a Buying Mission of Russian Importers in Macedonia**

**Objective:** Meet with relevant Russian importers of processed vegetables and to present processing facilities and opportunities for future business cooperation.

**Activity Summary:** MCG subcontracted Macedonian-Russian Chamber to coordinate five representatives from 3 Russian companies from Tambov region (Vegeteks, Tambov-Mir and Derzhavin) to come to Macedonia, have on site visits and direct B2B with PV VCLAs from Gevgelija and Strumica region (Vipro, Vori, Pjadakov, Agrokomerc 92, Trgoproduct, Dentina, Lars, Bonum Plus and Tehnoalat).

Potential Russian buyers visited production facilities and reviewed the product ranges, collected catalogues and other promotional material, quotations and product samples for further analysis. LAs also prepared formal dinners and presentations: one in Gevgelija and a second presentation in Strumica. Participating companies presented high export orientation, availability of the raw materials and geographical proximity of the main production regions in the country, favorable location of the processing facilities and available capacity for increased production and sales of PV products. A MAP representative presented the overall performance of the PV industry and potential for supplying preserved fruits and vegetables to the Russian market. The events also included tasting of samples emphasizing unique characteristics of domestic products, ajvar and lutenica in particular, followed by individual meetings and formal cocktails. Russian representatives were very positively surprised by latest investments in technology and possibilities for joint production of high volumes. They found out that particular products that are sold on the Russian market under the brand of Mikado (from Germany) are actually produced by Macedonian processing companies under private label.



PHOTO CREDIT: AGBIZ STAFF

**Russian Importers tasting unique domestic products made by Hina Tehnoalat Company from Gevgelija**

available capacity for increased production and sales of PV products. A MAP representative presented the overall performance of the PV industry and potential for supplying preserved fruits and vegetables to the Russian market. The events also included tasting of samples emphasizing unique characteristics of domestic products, ajvar and lutenica in particular, followed by individual meetings and formal cocktails. Russian representatives were very positively surprised by latest investments in technology and possibilities for joint production of high volumes. They found out that particular products that are sold on the Russian market under the brand of Mikado (from Germany) are actually produced by Macedonian processing companies under private label.

Individual visits and business discussions during the meetings confirmed the readiness of both sides for cooperation while the PV VCLAs re-emphasized their experience in exporting PV products to other export markets and interest in increasing their current exports to Russia.

According to LAs, fine tuning of particular products to meet exact specifications of Russian buyers and consumers should not be a problem for domestic producers, while existing food safety and quality standards [Hazard Analyses and Critical Control Points (HACCP), International Organization for Standardization (ISO) 22 000] are sufficient to start their exporting activities in Russia. A three month evaluation in February, 2013 will be conducted to evaluate progress.

*(For more details, please see “Activity Result Report Buying Mission of Russian Importers in Macedonia” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$8,103; AgBiz Share: \$3,326 or 41%

### **Production of New Pepper Variety for Processing – Yellow Pepper**

**Objective:** Improve processing activities of PV VC members, strengthen competitiveness of the PV VC and further secure and improve income generation of the primary producers.

**Activity Summary:** Following the positive results of the activity “Introduction of new varieties and new vegetables production technologies” from the first phase of the project, and based on identified demand on international markets for yellow pepper-based products, MCG developed an activity and subcontracted the Center for Applied Research and Permanent Education in Agriculture (CIPOZ) to support contracting arrangements with farmers/primary producers primarily from Vege Fresh cooperative to start production of a new product – yellow pepper for processing by LAs Dentina and Lars. VCLF facilitated CIPOZ and selected LAs to coordinate a trip to Turkey and Bulgaria, visiting seed institutes for identification of the most appropriate pepper seeds. CIPOZ experts in coordination with Vege Fresh and LAs developed a production plan that takes into account not only increase in yields, but also opportunities for producing early and late varieties of peppers, so the primary producers could supply the industry with more raw material (peppers) over a longer time period and contribute to extending the processing season and improving capacity utilization of the companies.

**Activity Cost:** Total Cost: \$20,283; AgBiz Share: \$10,328 or 51%

### **Integrated Business Solution for Enterprises**

**Objective:** Improve PV VC companies’ competitiveness through introduction of advanced integrated business solution

**Activity Summary:** MCG developed the activity to help three VCLFs Rudine, Altra and Lars improve management of resources and internal processes, improve cost allocation and reduce unnecessary expenditures for creating buffers and embrace advanced management practices. The LF in coordination with VCLAs developed SoW and solicited proposals for a short term consultant to implement the first phase of the activity including initial planning, team members preparation, evaluation of resources and control structure, business processes mapping and identify existing shortcomings, management processes and identified work flows as needed by the PV VCLAs and design and prepare Terms of Reference (ToR) for an IT vendor that will be engaged to develop integrated business solution software. Offers were evaluated and a Consultant was selected and subcontracted. He had initial meetings with each of the three PV VC LAs, drafted the specific work plans and continued to work on defining individual business processes of the 3 PV VCLA.

**Activity Cost:** Total Cost: \$21,000; AgBiz Share: \$7,500 or 36%

### **Facilitation/Implementation of Contract Farming (Second Phase)**

**Objective:** Strengthen the competitiveness of the PV VC and their products on local, regional and international markets through support of the mutual long term planning practices based on accurate and up-to-date information on production costs and market trends.

**Activity Summary:** As a continuation of Contract Farming activities from last year, MCG as VCLF subcontracted Foundation Agro – Center for Education (FACE) to conduct an assessment of the impact of contract farming model implementation. An end-of-year assessment on contract farming fulfillment for 2012 including information on type of contracts signed, total quantities per type of vegetables delivered/purchased, average prices reached, level of fulfillment of supply contracts etc. was conducted and preliminary results including issues identified were discussed between LAs and farmers. In the second phase, the activity is focused on provision of direct technical assistance to farmers in improved agricultural practices and optimizing the cost of production for key agricultural products important to the processing industry. During the reporting period, FACE identified and engaged 3 production specialists to cooperate with the selected PV VC LAs and work with selected 200 farmers on securing contract delivery and ensuring support from FFRM's local technical staff. LF and FACE facilitate the process of negotiations for approximately 200 formal contracts between participating LAs (Vipro - Gevgelija, Dentina - Strumica, Vori - Gevgelija, Univerzal Promet - Kocani, Green Product - Tetovo) and their integrated vegetables supply chain farmers for delivering raw materials is ongoing. A Farm Accounting Expert conducted training for field advisors and FFRM representatives on farm accounting. They will provide all needed templates and tools and train the farmers to correctly record all production related expenditures and costs. Data will be collected throughout the season and analyzed per production regions included in the activity. A Plant Production/Protection Specialist (subcontracted by FACE) delivered training on production of seedlings and developed production protocols.

**Activity Cost:** Total Cost: \$52,000; AgBiz Share: \$25,000 or 48%

### **Study Tour for Producer Organizations/Producer Groups for Farmers in Selected EU Country (Hungary)**

**Objective:** Contribute towards establishment and strengthening of agricultural organizations in the horticulture sector, strengthening the representation of the farming community and increase their quality and quantity of offered horticulture products for processing industry.

**Activity Summary:** The study tour is designed to enable direct exchange of experiences and obtain details related to the establishment and functioning of successful Producer Groups (PG) and Producer Organizations (PO) in the horticulture sector. Hungary was selected as a preferred destination for the study tour due to similarities in prospects and constraints within the horticulture sector in both countries comprised of a large number of producers with fragmented production. The advanced Hungarian model for governmental support to marketing initiatives in the agribusiness sector, in particular for horticulture products (fresh and processed), could be used as a role model for future adjustments of the existing governmental support to respective initiatives on a national level. MCG completed the preparatory activities and subcontracted FFRM to organize the implementation of the study tour, coordinate regional follow up working sessions and disseminate information to the members of the MAFWE's sub sector group. Several coordination meetings with PV VC LAs and MAFWE were held and preliminary contacts with Hungarian Farmers Federation and Ministry of Agriculture were established to discuss the agenda for the study tour.

**Activity Cost:** Total Cost: \$32,000; AgBiz Share: \$20,000 or 63%

## **I.3.2 Environmental Protection**

### **Possible Negative Environmental Impact:**

MCG with support from the AgBiz Program ensured that all relevant Subcontractors, STTAs and LAs will understand all major FF&V production constraints and follow IPM and pesticide recommendations found in the 2012 Macedonia AgBiz PERSUAP. LF and LAs involved in these activities received training on safe use of pesticides and made sure that all Subcontractor trainers, field extension staff and staff who interact with farmers followed PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides;
- Do not use pesticides containing Active Ingredients that are not Macedonia, EU, EPA or PERSUAP approved;
- Use pesticide safe use practices, training and safety equipment following GLOBAL G.A.P.;
- Using FFRM network promote the reduction of pesticides use in the production.

It was identified that implementation of some of the phases of the following activities could have negative environmental impact: “Facilitation/Implementation of Contract Farming (Second Phase)” and “Production of New Pepper Variety for Processing – Yellow Pepper”.

### **Recommended Mitigations Measures:**

#### **Facilitation/Implementation of Contract Farming (Second Phase)**

A Plant Production/Protection Specialist (subcontracted by FACE) delivered training on production of seedlings and developed detailed production protocols per horticulture product, trained the production specialists and FFRM staff in providing permanent support to the field activities. Production specialists with FFRM staff continuously monitor the production plots and provide advices to involved famers. The Production and plant protection expert verifies the records on possible diseases and pests occurred and recommended and monitored use of chemical protection. Pesticides containing any of the Active Ingredients forbidden in the PERSUAP (Active Ingredients (AI), look at the pesticide bottle label) were NOT promoted or used with USAID resources.

**Implementation Status** On-going

#### **Production of New Pepper Variety for Processing – Yellow Pepper**

CIPOZ experts supported LAs in acquiring the seeds and distribution of seeds by Vege Fresh to the interested producers. In coordination with Vege Fresh and LAs developed a production plan for introduction of new variety(ies) by selected primary producers – members of Vege Fresh [following Integrated pest Management (IPM) and pesticide recommendations found in the 2011 Macedonia AgBiz PERSUAP] to optimize productivity, allow farmers to increase their yields and to diversify their production. CIPOZ provides continuous on-field training on technologies to be applied, including production and planting of seedlings and production of peppers, monitors the process and tracks records on each step of the vegetative cycle. CIPOZ fully coordinates involvement of FFRM field experts/agronomists in providing direct assistance to farmers. Pesticides containing any of the Active Ingredients forbidden in the PERSUAP (AIs, look at the pesticide bottle label) were NOT promoted or used with USAID resources.

**Implementation Status** On-going

### **I.3.3 Activities Planned for the Next Quarter**

The PV VC activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on activities’ objectives and implementation plan, please see Table 4 under section 1.10.4*).

- Facilitation / implementation of contract farming (Second Phase)
- Production of new pepper variety for processing – yellow pepper (Second Phase)
- Integrated business solution for enterprises
- Study tour for POs/PGs for farmers in selected EU country
- Study tour and B2B events in Austria & Switzerland

## **I.4 SUPPORT FOR INVEST MACEDONIA**

The key objective of this component is to support Invest Macedonia (IM) to build its export promotion capacity. AgBiz work under this component is designed to help develop IM export promotion programs that benefit AgBiz supported value chains and enhance Invest Macedonia’s internal capacity. AgBiz also closely coordinates with the USAID-funded IDEAS project and other USAID-supported activities aimed at building Invest Macedonia Export Promotion capacity, institutional development, and the creation of a model institution through the introduction of two export promotion functions by Invest Macedonia i.e. business development and market information functions.



## **I.4.1 Activities Completed during the Quarter**

### **Business-to-Business with Agribusiness Companies from Hungary**

**Objective:** Create contacts and explore possibilities for expanding trading relations with importers from Hungary and increase export of agribusiness and food products from Macedonia.

**Activity Summary:** This Activity has been designed to respond to the needs of Agribusiness companies for increased understanding of Hungary as a target market for Macedonian Agribusiness and food products and to get in touch with potential buyers, and develop potential entry points to this market in the next period. USAID AgBiz Program supported Invest Macedonia in cooperation with the MAFWE and Chamber of Commerce to organize a business forum and B2B between companies from Hungary and Macedonia. At the forum, after the formal addresses by Government officials, the Chamber of Commerce and AgBiz facilitated pre-arranged Business to Business meetings between companies from both countries. Companies from Hungary and from Macedonia presented themselves, their core business and interest to discuss with potential partners. The B2B enabled identification of new export market opportunities and direct contact with potential buyers from Hungary. In addition, representatives from Hungarian companies had a chance to meet producers and exporters from Macedonia and get acquainted with production and sales capacity in Macedonia. Exploring new market opportunities and receiving direct feedback from potential buyers should ultimately lead to increased export sales opportunities.

*(For more details, please see “Activity Result Report B2B with Agribusiness Companies from Hungary” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$10,799; AgBiz Share: \$1,217 or 11%.

### **Training in Agribusiness for Invest Macedonia Export Promoters**

**Objective:** The main objective of this activity was to continue training and education of economic promoters in order to improve their knowledge and skills in export promotion of agriculture products, particularly from the two supported value chains. The activity will also contribute to institutional development of the Agency for Foreign Direct Investment and Export Promotion of the Republic of Macedonia, and its overall organizational efficiency.

**Activity Summary:** Development of an efficient institution that is capable of successfully implementing these functions is directly dependent upon the level of knowledge and skills of its staff members. Accordingly, training of the Agency’s export department staff and economic promoters is of crucial importance for the creation of efficient export promotion services.

Economic promoters return to Macedonia each year for fact-finding, networking, and training, and each economic promoter is expected to share information on the successes and failure of various promotion initiatives and identified market leads. Hence, AgBiz contributed to a training week for Export Promoters and shared experiences and expected involvement in AgBiz-supported export promotion activities. AgBiz in close coordination with the Lead Facilitators for FF&V, PV and SEMP’s organized training for IM Export Promoters and presented an overview of both value chains and export promotion activities that will be organized with direct involvement of IM staff. The program also presented the process for developing Sector Export Marketing Plans for FF&V and PF&V and selected target markets. The activity was well accepted and evaluated as very beneficial to further institutional development and to the overall organizational efficiency of Invest Macedonia.

*(For more details, please see “Activity Result Report Training in Agribusiness for Invest Macedonia Export Promoters” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$910; AgBiz Share: \$360 or 39.6%.

## **I.4.2 Activities Planned for the next Quarter**

The Activities listed below are planned to be implemented or completed during the next Quarter. The planned support to Invest Macedonia for capacity building regarding export promotion depends on the Agency’s available budget to directly support export promotion activities and further development of

internal structure to carry out export promotion function. (For more details on Activities' objectives and implementation plan, please see Table 4 under section 1.10.4).

- Capacity building Training for Invest Macedonia staff

## **I.5 STRATEGIC PLANNING AND POLICY MAKING AT MAFWE AND SPECIAL OPPORTUNITIES FUND**

The goal of this component is to strengthen the MAFWE's strategic planning and policy capacity. The specific objective is to help the Minister's cabinet and relevant departments achieve strategic and long-term results by creating firm legal ground that enhances the competitiveness of Macedonian Agriculture. AgBiz is using the Special Opportunities Fund as a flexible resource that allows for creativity and taking advantage of new opportunities as they arise. The new approach gives AgBiz an opportunity to contribute to agribusiness development through work with MAFWE and the GoM on strategic documents and to increase their technical capacity. AgBiz, in coordination with MAFWE, established precise objectives and expected outcomes of this cooperation. SoWs are developed as necessary and consultants for implementing approved work are selected in consultation with MAFWE.

MAFWE recognizes AgBiz as a partner on issues regarding developing specific agribusiness laws and regulations and/or as a voice for the private agribusiness sector.

### **I.5.1 Activities Completed during the Quarter**

#### **Preparation of Studies for Protected Designation Origin (PDO)/Protected Geographic Indication (PGI) Registration for Three Selected Products**

**Objective:** The objective of this Activity was to provide technical support to MAFWE and the private sector's entities in the process of preparing guidelines for interested groups for applying for PDO/PGI for "Stanushina" wine, "Ohrid black cherry" and "Winter white" grape. This is a follow up activity on the previous assessment "Assessment of potential products and applicants for PDO/PGI registration".

**Activity Summary:** For this Activity AgBiz engaged a service provider, and included MAFWE to make available all resources and information for finalization of this Activity. Besides the GoM and MAFWE the final beneficiaries of this activity are producers and processors of specific agricultural products.

The activity specifically included Preparation of product specification; Preparation of guidelines for the three selected products; and submitting the prepared guidelines to MAFWE. These three guidelines will serve as a good example of protection of the traditional Macedonian products and will increase the visibility of quality products on domestic, regional and international market. The Macedonian government has a special supporting measure designed to help in promoting the protected products which will increase the awareness of consumers and will encourage other producers and processors to follow this scheme. This will eventually lead to an increased number of registered Macedonian products.

*(For more details, please see "Guidelines for PDO/PGI Registration for Three Selected Commodities \_MK" included on the CD-ROM version of this report).*

**Activity Cost:** Total cost: \$21,600; AgBiz share; \$18,000 or 83%

#### **Technical Assistance for Preparation of Annual Agriculture Report for 2011**

**Objective:** The objective of this Activity was to provide technical and analytical support to MAFWE in the process of preparation and publication of the Annual Agricultural Report (AAR) 2011.

**Activity Summary:** For this activity experts from the Faculty of Agricultural Sciences & Food were engaged through the Association of Agro-economists and staff from the Department for Analyses of Agricultural Policies from the MAFWE was also involved. They worked in close relation with technical

assistance providers in the process of research, data analysis, developing and finalization of AAR 2011. This contributed to building capacities on both sides.

The activity was implemented through research, analysis and assessment of the available data and information upon which certain recommendations were provided for improvement of the MAFWE policy and strategy within the following period. AAR 2011 became a public document, available in printed (hard) and electronic (soft) copies. Additionally, AAR 2011 was posted on the MAFWE website available to all interested public parties.

*(For more details, please see “Annual Agriculture Report for 2011\_MK” included on the CD-ROM version of this report).*

**Activity Cost:** Total cost: \$7,200; AgBiz share; \$6,000 or 83%

### **Building Human Resource Capacities (Preparation for Negotiations with EU)**

**Objective:** The objective of this activity was to provide training to MAFWE management staff, as well as the Members of Parliament, in particular the Parliamentary Committee for Agriculture, Forestry and Water Economy with regards to the Common Agricultural Policy (CAP) and negotiation process with EU (in particular Chapter 11 on agriculture and rural development). The specific goal was that the selected international experts share their experience and lessons learned during the negotiation process for their countries (Slovenia and Croatia).



PHOTO CREDIT: PARLAIAMENT STAFF

**Experts from Slovenia and Croatia share their experience and lessons learned with members of the Parliament's Committee**

#### **Activity Summary:**

This activity encompassed two different trainings in December, as well as consultation processes prior to and after the execution of the trainings. The team from the Association of Agro Economists of Macedonia (AAEM) together with the international consultants PhD Mr. Emil Erjavec and Mr. Miroslav Bozic, both coordinators for the processes of negotiation for EU integration of Slovenia and Croatia, worked on

the preparation of this activity in coordination with the members of the parliament's committee and the heads of MAFWE departments. The trainings were executed with a large number of participants and high interest for the topics. More specifically the training for the parliament's committee consisted:

- Introduction and the challenges for Macedonian agriculture in the negotiation;
- Evolution of Common agricultural policy;
- EU policy for Macedonian agriculture after the actual Reform of Common agricultural policy;
- Negotiation tasks and potential outcomes of negotiations for Macedonian agriculture;

while the training for the MAFWE key staff on phases in accession negotiations included the following:

- Screening of policies
- Opening and closing benchmarks
- Monitoring and reporting during the accession negotiations
- Negotiations and Accession Treaty

**Activity Cost:** Total cost: \$14,000; AgBiz share; \$13,000 or 92%

## **Preparation of Strategic Framework Document for the New National Strategy for Agriculture and Rural Development**

**Objective:** The objective of this Activity was to provide technical support to the MAFWE in the process of preparing a Strategic Framework Document (SFD). Namely, this was a process of setting the basic postulates of the strategic planning needed to be carried out prior to drafting the new National Strategy for Agricultural and Rural Development (NSARD) for the period of 2014-2020. As the success of the strategy implementation significantly depends on a wider sectorial consensus, it was also necessary for all interest parties to agree upon key goals so that they can become part of the new NSARD later on.

**Activity Summary:** For this activity a Key Working Group was established composed of relevant policy formulation experts from MAFWE and experts from Faculty of Agriculture Science and Food. The Key Working Group identified principal constraints and issues that needed to be addressed before attempting to analyze and draft alternative policy recommendations. This assured political and wider stakeholder consensus.

The counterparts and final beneficiaries of this Activity were the Government of the Republic of Macedonia, in particular MAFWE, other government institutions, scientific and research institutions, the international community and all relevant stakeholders involved. SFD became a public document available to all interested public entities.

The SFD provided a clear and mutually agreed concept including the vision and key objectives and related sub-goals for agricultural and rural development. Strategic objectives and basic policy actions summarized in the SFD will serve for further development of the main strategy paper. Work on the main strategy paper will be supported by Food & Agriculture Organization (FAO) starting early 2013.

*(For more details, please see “Strategic Framework Document for the New National Strategy for Agriculture and Rural Development\_MK” included on the CD-ROM version of this report).*

**Activity Cost:** Total cost: \$1,000; AgBiz share; \$12,500 or 83%

### **1.5.2 Activities Planned for the next Quarter**

The Activities listed below are planned to be implemented or completed during the next Quarter *(For more details on Activities’ objectives and implementation plan, please see Table 4 under section 1.10.4).*

- Support in preparation of secondary legislation based on the recently adopted laws related to agricultural sector

## **1.6 POLICY AND INSTITUTIONAL REFORM NEEDS IDENTIFICATION, PRIORITIZATION AND ANALYSES**

The main objective of this component is to identify and prioritize the Policy and Institutional Reform Needs (PIRNs), involve private and public sector representatives in facilitating the process of addressing the issues with assistance from AgBiz and relevant consultants as a Short-term Technical Assistance. It is expected that the AgBiz Lead Facilitators and other partners such as the MAFWE and scientific institutions, through their daily communication with the industry and primary producers, will play a major role in comprehending the problems and selecting the most feasible issues to be addressed and solved. Each PIRN will be addressed by engaging a consultant as a STTA.

### **1.6.1 Activities Completed during the Quarter**

During this quarter the following PIRN were addressed and/or completed:



## **Lack of Awareness and Information among Food Processors about Hygienic Engineering and Design**

**Objective:** The main objectives of this Activity are: Improving food products standardization, productivity and competitiveness at all levels of the FF&V and PV VCs; Introducing new detailed legislation – regarding rules, codes in hygienic engineering and design; Strengthening business relations between Macedonian fresh fruit and vegetables and processed vegetables producers, and between VC participants and Governmental bodies; and Enhancing the agricultural business environment in Macedonia.

**Activity Summary:** The activity involved engaging international and domestic experts that prepared presentations (material) specific to FF&V and PV VC producers' hygienic engineering and design requirements. It was implemented in several steps, but the main aspect of the activity was a workshop and round table discussion held at the end. The activity encompassed the following:

### Part 1: Hygienic Engineering and Design (HYD) and FF&V and PV VCs

Presentations on hygienic engineering and design principles and requirements to FF&V and PV VCs' producers. Macedonian and international experts presented hygienic engineering and design goals, principles and benefits to the both VCs' producers. Participants discussed on hygienic engineering and design problems that VC actors are presently facing and potential solutions to overcome these challenges.

### Part 2: Hygienic Engineering and Design and Government (workshop)

Presentations for governmental institutions regarding hygienic engineering and design: legislation, regulation, inspection, control, and finances required to fulfill HYD requirements.

### Part 3: Round table

Round table between FF&V and PV VCs producers, International expert and Governmental institutions (Ministries, Agencies and bodies). This round table focused specifically on the realization of the hygienic engineering and design requirements to date, reviewing obstacles and opportunities to improve legislation and introducing a new approach to elaboration and establishment of missing legislation regulating these issues including inspection control. These steps represented a sound contribution towards improving the export of food products.

*For more details, please see "Activity Result Report Hygienic Engineering and Design for achieving Food Products Standardization, Productivity and Competitiveness" included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$13,500; AgBiz Share; \$10,500 or 80%

## **Support to the Government of R. Macedonia for Participation on the GLOBAL G.A.P. Summit**

**Objective:** The objective of this Activity is to enhance the capacity of GoM, MAFWE and Invest Macedonia staff on GLOBAL G.A.P. principles by providing financial support to delegated representatives so they can participate on the GLOBAL G.A.P. World's summit in Spain in the period from 6-8 November, 2012.

**Activity Summary:** Two Government officials from MAFWE and Invest Macedonia and one representative of the Federation of Farmers participated on the GLOBAL G.A.P. summit in Madrid that gathers the biggest retail chains in the world. The summit is of great importance to GoM promotional activities in the area of agriculture. Since the main focus of the event was improving the dialogue between the farmers and markets and eliciting a broader acceptance of the contemporary standards for marketing agricultural products, this represented an excellent opportunity for representatives to gather valuable information on how, through its support programs, the GoM should facilitate producers implementing GLOBAL G.A.P. standards.

For the last several years MAFWE included implementation of GLOBAL G.A.P. to the subsidy schemes, however, the number of producers that have implemented and maintained GLOBAL G.A.P. certificate is very low. Participation at the summit was an excellent opportunity to develop additional understanding on how to address this issue and encourage farmers to apply GLOBAL G.A.P. principles in larger scale.

**Activity Cost:** Total Cost: \$5,030; AgBiz Share; \$4,310 or 85%

## **Other PIRNs identified this Quarter**

### ***Lack of Functional Scheme for using the Agricultural Insurance as a Product for Farmers***

Macedonian farmers are not protected if we take into consideration the fact that the Government has not created an effective system for protection from negative natural influences i.e. drought, flood, hail, fire etc. If we as a country face a seriously destroyed/damaged number of crops every year, that affects other participants in the VCs as well, ending up with unsatisfactory export results.

There is a need to extend the dialogue between the farmers/association of farmers, the state/MAFWE in order to develop a proper insurance scheme (a scheme that will increase the usage of insurance as a product) suitable and useful to all stakeholders.

### ***Lack of implementing Procedures of Good Agricultural and Hygiene Practices as Precondition for Future State Support Policy***

Although the initial version of the Code of Good Agricultural Practices (GAP) was developed five years ago, current content has been deemed overwhelming, unfriendly to farmers and inapplicable. Therefore, the Code of GAP has not yet been put into implementation.

The Codes' practices will be mandatory requirements for direct payment scheme by 2013, therefore there is an urgent need to undertake these actions prior to the start of the next year's claim procedures.

### ***Complex Regulations for Buyout of Fresh Products for Processing***

The sub legislative acts – rulebooks from the new law on agriculture enforced in 2011 provide specifics and details related to organization of the buyout process and technical conditions that should be met by buyers. Yet, the specifics included additional bureaucratic procedures that are not in line with the intentions of GoM for elimination of unnecessary administrative procedures, such as: registration of the processing facilities at both the Agency for Food and Veterinary and MAFWE, announcement of expected quantities of fresh produce that will be purchased during the next season, payment arrangement between the involved parties, presentation of documents for financial liquidity to MAFWE, etc. The PV VC members share the opinion that many of these aspects are unnecessary and additionally burden the companies without significant impact on the supply chain integration processes. The negative effect of this PIRN on export competitiveness is considerable, although indirect. The role of the legislation and the accompanying directives and rulebooks is to create a positive framework for enhanced operations of the PV VC members, and not to additionally burden the VC with criteria that ultimately impede further competitiveness of the entire chain.

A working group for review of the rulebooks was initiated by MAFWE; a MAP representative has been included. More significant progress could be made with stronger involvement of the private sector and willingness of the responsible authorities to eliminate the existing shortcomings.

## **I.6.2 Activities Planned for the next Quarter**

The identified PIRNs “Lack of functional scheme for using the agricultural insurance as a product for farmers” and “Lack of implementing procedures of Good agricultural and hygiene practices as precondition for future State Support Policy” were selected and activities initiated in the last days of the preceding quarter. They are expected to be completed by February 2013. The financial resources for the PIRN component are almost exhausted, but if there is a burning issue relevant to this component, AgBiz will seek for ways for addressing it. Besides this, the Subsector Groups under MAFWE as a legacy from AgBiz may take over the addressing of some new coming issues.

## **I.7 PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT**

The project objective is to further increase the organizational and advocacy capacity of private sector associations, and to develop a base and effective methodology for efficient and effective public private dialogue, thus creating successful policy and institutional reform initiatives and measures that will reduce constraints to increased VC productivity and competitiveness. Three expected results will contribute to achieving the general objective:

- Increased capacity of VC participants’ umbrella associations, trade and producers organizations to enhance dialogue with relevant GoM bodies to address strategic, policy and institutional issues.
- Increased capacity of relevant GoM bodies to establish appropriate environment for dialogue and functional channels to address policy issues that will improve the business environment for FF&V and PV VCs.
- Established foundation for regular cooperation through launching channels for effective and efficient policy dialogue among VC representatives and GoM bodies in the process of developing policy and institutional reforms through support of the subsector standing groups.

During the implementation of the project, there were no specific problems that have influenced project activities.

### **I.7.1 Activities Completed during the Quarter**

#### **Organizing Working Meetings on Different Fruits and Vegetables Related Topics**

**Objective:** The objectives of this activity is to enable quality communication and analysis of priority issues in order to bring joint recommendation for decision makers through the organization of workshops and working meetings of the Sub-sector Standing Groups (SSG) on different topics related to fruits and vegetables production, trade and processing, policy creation and other current topics of interest.

**Activity Summary:** In the reporting period four meetings with Secretaries of the Subsector Standing Groups for fruits and vegetables were organized in order to define, in detail, topics and a time frame for organization of the forthcoming events. In addition, two meetings were organized with the project Coordinator from MAFWE for general coordination of all project activities.

In the reporting period two meetings of the Sub-sector Standing Group for Vegetables have been organized with participation of 35 members of FF&V and PV VCs. At the first meeting, the Operational Program of the SSG for vegetables and Proposed Annual Program for vegetables were discussed and members of the Working Group for review of several Rulebooks regulating vegetable production, trade and processing were appointed. At the second meeting, the programs were adopted and a representative from Innovation Center was invited to present all available credit lines and products for investments in agriculture.

In addition, different urgent issues on the topic were discussed.

**Activity Cost:** Total Cost: \$7,692; AgBiz Share: \$2,780 or 36%.

## **Regular Update of the On-line Tool for Sub-Sectorial Fruits and Vegetables Groups**

**Objective:** Update and promotion of the on-line information tool, train MAFWE employees for this process and official takeover of the information tool by the Ministry of Agriculture, Forestry and Water Economy.

**Activity Summary:** Coordination meeting regarding the information tool were held with MAFWE employees from Agricultural Policy Analysis Department and a detailed timeframe for the activities was agreed upon.

Meetings have been organized with Secretaries of the Sub-sector Standing Groups for fruits and vegetables to agree on the type and relevance of the documents to be published on the on-line tool. Furthermore, additional useful information was provided and will be posted on the tool.

Two coordination meetings regarding the information tool were held with IT Company, CeProSARD and MAFWE employees from IT and Agricultural Policy Analysis Department in order to discuss and jointly identify user-friendly access to all relevant information.

**Activity Cost:** Total Cost: \$3,100; AgBiz Share: \$3,100 or 100%.

## **Establishing Communication Channel for Ongoing Communication between VC Participants and GoM Bodies**

**Objective:** Functional communication channel established for efficient PPD in fruit and vegetable subsectors.

**Activity Summary:** At the time of official submission of the RfP, AgBiz originally planned to establish a F&V Committee, consisting of representatives from VCs and GoM bodies responsible for creation of FF&V and PV measures, policies and strategies. At the very beginning of the project, in communication with MAFWE, it was jointly concluded that the project should support creation and functioning of Fruit and Vegetable sub-sector standing groups which, according to Law on Agriculture, have a role to play as a channel and platform for addressing the various policy and institutional reform needs. Through these groups, representatives from FF&V and PV started to work on the issues and documents related to FF&V and PV and implemented some actions for active participation in developing national support measures.

By supporting operation of F&V SSGs with the efforts from the project team, favorable preconditions for business communication and PPD have been created. In the reporting period, four meetings were organized with secretaries of F&V SSGs. At these meetings support activities for the operation of both groups were discussed and agreed upon. In addition, two working meetings of SSG for Fruits were organized and one meeting of the Working Group for Vegetables for development of the Annual program of the SSGs was conducted. The project team facilitated the process of defining operational programs for 2013 for both SSGs. In the operational programs all important activities for next year were elaborated with expected results, indicators, responsible person and proposed budget and possible sources of financing. According to the Law on Agriculture, some of the activities proposed in their program will be prioritized for financing from the national budget within the National Support Programs for 2013. Through supporting operations of Fruit and Vegetable Sub-sector Groups, the project will contribute to create a sustainable cooperation channel.

**Activity Cost:** Total Cost: \$7,692; AgBiz Share: \$2,780 or 100%.

### **I.7.2 Activities Planned for the next Quarter**

The Activities listed below are planned to be implemented during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 4 under section 1.10.4*).

- Organization of the training sessions - Training delivery;
- Up-date of the on-line information tool;
- Regular Meetings with Subsector stranding groups for fruits and vegetables.

## **I.8 DEVELOPMENT OF VC EXPORT STRATEGIES AND PLANS FOR THE FF&V AND PV VCS**

The overall objective of this AgBiz component is to establish a process and develop Export Marketing Plans for both VCs that will enable a more coordinated approach to export promotion and will enhance the capacity of Invest Macedonia to facilitate and gradually take over the managing of Export promotion. The process will encourage involvement of PV and FF&V value chain stakeholders, Invest Macedonia, Government bodies and other relevant entities to assess and prioritize key export markets, and ensure export promotion plans focus on agricultural products for which Macedonia has the biggest competitive advantage. Macedonia Export, as Lead Facilitator, works in close coordination with the international and local experts from the Dutch CBI.

### **I.8.1 Activities Completed during the Quarter**

#### ***Developing Sector Export Marketing Plans for FF&V and PF&V VCs – External Analysis***

**Objective:** The objective of this activity was to organize separate workshops with stakeholders from both FF&V and PF&V VCs to carry out External Analysis. The activity included collection of necessary data and information related to the sub-sectors, organization of preparation meetings with the key stakeholders from both VC and the relevant institutions and conducting workshops to define the key strengths and weaknesses and develop a basis for selecting target markets with establishing Export Objectives, Markets and Segments and creating common Unique Selling Proposition that Macedonian FF&V and PF&V companies can claim when entering new and/or expanding current export markets. Main bottlenecks were also identified and a resolution strategy with short, medium and long term objectives was developed.

**Activity Summary:** As a follow up to the organized and defined Internal Analysis in the previous quarter, the LF organized and implemented External Analysis data collection and workshop. Macedonia Export in coordination with a CBI's international expert and AgBiz developed an outline for the SEMP documents. Under the External Analysis, the outline included

- Defined and approved comprehensive and detailed external analysis of the Macedonian PF&V and FF&V industry
- Selected target markets for export;
- Defined and established Export Objectives, Markets and Segments;
- Developed and Created Unique Selling Proposition;
- Identify main bottlenecks and develop resolution strategy with short, medium and long term objectives;
- Developed task and specific responsibilities for the next period for all working group members;

All of this information has been communicated to all involved parties through a joint online platform on Dropbox. In addition, Macedonia Export coordinated with the two AgBiz VCLFs, MAP and EPI Centar, and closely cooperated in the process and synchronized communication with the target group.

On 30th and 31st October, together with Invest Macedonia Agency and CBI, Macedonia Export organized two one-day workshops: one with the participants from the FF&V VC and the second with participants from PV&V VC. During the workshops, the Macedonia-Export team, CBI's international expert and local experts presented the data analyzed, facilitated the discussions and recorded all input that was provided by the working group members. Participants managed to identify each sector's main export markets and all activities that have to be done in order to reach those markets. Additionally, all participants in both workshops developed tasks and specific responsibilities for the next period for all working group members;

After the workshop the LF proceeded with follow-up communication and meetings with the main stakeholders to agree upon conclusions made at the workshops finalize the input to the SEMP document and start preparing the following working session – Confrontation.

**Activity Cost:** Total Cost: \$16,468; AgBiz Share: \$9,656 or 59%.



## Developing Sector Export Marketing Plans for FF&V and PF&V VCs – Confrontation

**Objective:** The objective of this activity was to organize separate workshops with stakeholders from both FF&V and PF&V VCs to carry out the Confrontation exercise i.e. match internal capacity (strength and weaknesses) with possibilities and threats on selected most prospect markets. The activity included: reviewing the documents that have been developed so far (all collected data and information related to the value chains), organizing preparation meetings with the key stakeholders from both VC and the relevant institutions and conducting workshops to define the confrontation matrix in the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis for the pre-defined 5 markets having the greatest export potential.

**Activity Summary:** As a follow up to the organized and defined Internal and External Analysis in the previous quarter, LF has organized and implemented the Confrontation exercise. This exercise included:

- Confrontation analysis of the Macedonian PF&V and FF&V sector, accepted by all relevant stakeholders;
- Confirmed selected target markets for export;
- Defined export strategy for both FF&V and PF&V VCs with short, medium and long term objectives;
- Developed task and specific responsibilities for the next period for all working group members;

The workshops for this exercise were implemented on 18th and 20th December. The workshops were organized in close cooperation with Invest Macedonia Agency and CBI: one with the participants from the FF&V VC and the second with participants from PF&V VC. After this, the LF proceeded with follow up communication and meetings with the main stakeholders to agree upon conclusions made at the workshops, finalize the input to the SEMP documents and begin preparing for the following working session.

**Activity Cost:** Total Cost: \$16,952; AgBiz Share: \$10,140 or 60%.

### 1.8.2 Activities Planned for the Next Quarter

The Activities listed below are planned to be implemented during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 4 under section 1.10.4*).

- Implemented Action plan workshop
- Developed Action Plan for the FF&V and PF&V sector
- Developed Strategy for the FF&V and PF&V sector
- Implement four (4) workshops

## 1.9 ENHANCED ACCESS TO FINANCE

Access to finance is the one of the major impediments for economic growth and business expansion in the private sector in Macedonia. Although the availability of financial products and financial literacy has significantly increased in the last year, most companies do not even consider the option of going to a Financial Institution themselves. Very often they require a skilled person to walk them through the process of planning and “putting numbers on paper” after they have identified what they need the money for and where to get it (i.e. machinery). Companies exporting fresh and processed fruits and vegetables often require finance for investments in new technology, upgraded machinery, and facility expansion. Perhaps an even bigger need for financing is the working capital needed to source inputs from farmers in order to serve export customers who often pay 90-120 days after delivery.

Given the variety of new financial products available on the market, companies and farmers have an even bigger need for someone to help them identify the most suitable financial strategy for them. Companies and farmers from both Value Chains act as if they are only interested in their own work/field of expertise, thus often are not responsive to the calls for events where they can collect information on financial products and meet people they can cooperate with on this issue. Yet, it is much

easier to get company reps than it is to get individual farmers to attend matchmaking and educational events. These people are usually part of bigger groups such as FFRM and MAP, and they have the attitude that somebody else should run everything else outside their direct expertise.

Often enough, the scenario is that these companies'/farmers' needs are not very well studied by the Financial Institutions (mostly by the Government), so there are huge discrepancies between the needs of the private sector and financial products offered on the market, so the companies/farmers need to make many changes in order to adapt to the eligibility criteria of these products. Even the results from the state subsidies are not what is expected, pointing to the huge gap between the Financial Institutions and the beneficiaries.

Over the last year, the IPARD program became very popular in Macedonia, but more as a “buzz” word, than shown in practice. Companies are reluctant to use it, due to its overwhelming procedures, but also the cost of the new machinery they have to purchase (this is a “must have” for using this source of funding). Usually, as a result of limited financial resources the companies from both Value Chains are more lean to purchasing second hand machinery with similar performance and spend even less than 50% of the real cost of a new one, so IPARD is often not an option for them.

In many cases, it entails carefully thought-out financial engineering and finding the Financial Institution or equity partner that best fits a company's needs. The Financial Platform program and the Innovation Center (IC) will continue working on solving the following constraints:

Demand side (Companies): Limited supply of bankable project proposals to banks. The two major causes of this core issue from the demand side are:

- Poor identification and planning of firms' investment needs;
- Limited attractiveness/creditworthiness of firms to outside investors/creditors;
- Poor understanding of financial products offered by Financial Institutions;

Supply side (Financial Institutions): Mismatch between the demand and offer of financial services. The core causes of this issue related to financial institutions are:

- High collateral requirements (1:2 even 1:3) and fixed bank fees;
- Limited depth and outreach of financial service offer, and
- Restricted use of project finance approach;

The final effects of these access to finance related issues for the Macedonia economy are:

- Limited level of domestic investment;
- Lost opportunity for business growth (overall firm's sales and exports);
- Lost opportunity for incremental employment.

### **1.9.1 Activities Completed during the Quarter**

#### ***Helping Companies Access Finance by Cost-sharing Services of the IC FP Pool of Financial Facilitators***

**Objective:** The objective of this activity is to help companies from AgBiz-supported VCs to successfully access finance through managing the pipeline of projects, ensuring that all results accomplished by FF are properly monitored and reported.

**Activity Summary:** This quarter the Financial Facilitators with IC's support helped 9 companies access finance in the total amount of 3,650,465 US\$. The total investment facilitated was 5,436,889 US\$.

**Activity Cost:** Total Cost: \$22,000; AgBiz Share: \$11,000 or 50%

#### ***Educational Events for Farmers***

**Objective:** The wider objective of the educational events for the farmers' part of the FF&V and PV VC's is as follows:

- To communicate to a wider and relevant audience the identified issues impeding access to finance: bottlenecks and sustainable solutions;
- To identify businesses which need assistance in formulating their expansion and investment goals and in seeking access to external financing;
- To create a platform for exchange of information to overcome the ill-information dissemination and prevalent current mistrust amongst the local businesses and banks;
- To present sound business ideas from the business side, as well as innovative financing services from the banks side, thus creating possibilities for matchmaking between the access to finance demand and supply sides;
- To match Financial Facilitators and companies that would need their assistance;

Ultimately, the educational events serve as matchmaking and networking opportunities for all access to finance stakeholders i.e. businesses, FIs and Financial Facilitators.

**Activity Summary:** This quarter the IC team participated in two events. One was the sub-sectorial group of vegetable producers' part of MAFWE, where information about the available financial sources and their characteristics were disseminated. In addition, the sub-sectorial group participants received copies of the Innovative financial instruments developed by IC this year in February, within the frames of AgBiz.

The second participation was at the Faculty of Agriculture Skopje, where the international student organization organized an Agri Business Forum. IC gave a presentation on Innovation in Agribusiness.

In addition, IC's AtF manager is a member of the agricultural working group part of the National Council for Entrepreneurship and Competitiveness.

**Activity Cost:** Total Cost: \$4,500; AgBiz Share: \$900 or 20%

## I.9.2 Activities Planned for the next Quarter

The Access to Finance activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 4 under section 1.10.4*).

- Educational and Matchmaking Events for FF&V and PV VCs' Participants;
- On-going management of the AtF project pipeline.

## I.10 PERFORMANCE MONITORING AND EVALUATION

Data collection, its quality assessment and reporting continued during this Quarter according to the previously established plan and implementation methodology.

### I.10.1 Activities Completed during the Quarter

- During this reporting period, the following key documents were finalized and approved by USAID: Fiscal Year (FY) 2012 Fourth Quarter and Annual Report, FY'13 Annual Work Plan and adapted Performance Monitoring Plan [including minor modifications occurred mostly due to the adjustments of the FY'13 projections and FY'12 actual results achieved that mostly affected the initial Life of Program (LoP) projections];
- Based on the input obtained from the VC LFs and in compliance with the Pesticide Evaluation Report, the Safe Use Action Plan was compiled evidencing the timetable of selected actions taken to increase Subcontractors' and beneficiary farmers' awareness of pesticide safety, environmental and natural resource protection, and IPM concepts during implementation of selected Activities in FY'12;
- As requested, the FY 2012 Trade Capacity Building survey and Participant Training and Visa Compliance Monitoring Plan were completed and submitted to USAID;



- Data collection of Indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities for CY 2012 Fourth Quarter (September - December) from both AgBiz supported VCs' Lead Actors was coordinated and processed;
- Activity Post-Evaluation forms were obtained from LFs, data quality was assured and the matrix for tracking results achieved from Activities implemented during the reporting period was updated;
- Development of the FY'13 First Quarter Report was initiated and input formats and guidance were provided to the LFs.

### **I.10.2 Activities Planned for the Next Quarter**

- Continue monitoring and mentoring selected LFs to successfully implement data collection, tracking indicator achievements and follow reporting procedures, and
- Continue updating input and maintain the internal Management Information System to assure proper implementation of data collection methodology, data quality assessment and reporting.

### **I.10.3 Quantitative Performance Indicators**

Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the Quarter. Achievements on quantitative performance indicators that are reported on a Quarterly basis are shown in Table 3 below.

The first column presents the Targets on indicators measuring, among other things, incremental sales collected at farm-level, increases/decreases in sales to selected markets, number of the new exporters/participants in the supported VCs and number of formal delivery contracts achieved in Calendar Year 2012. The data collection for these Indicators is completed and processed. The process of data verification will be completed by the end of February when the LAs (as source of data for these Indicators) officially submit their Annual Balance Sheet to the Public Revenue Office. As per established reporting schedule, these annual values and percentage increase/decrease data will be presented in the Second Quarter FY '13 Report in April 2013.

The following four (4) columns present the Indicators that are reported on a Quarterly basis (their Past Performance, Achievements made during the reporting period, Cumulative results achieved during FY'13 and their Targets). Given the complexity of some of the Activities planned, the timeframe for their implementation is extended for more than one Quarter period. Accordingly, the outputs of these longer-term Activities will be delivered in the forthcoming period. For this reporting period, impact on selected Indicators is noted as "In Progress" and actual results achieved will be presented when Activities are completed.

Upon completion of this reporting period, 80 percent of the indicators are on-schedule or are being overachieved.

TABLE 3. INDICATOR ACHIEVEMENTS							
	Performance Indicator	CY'12 (Jan 1-Dec 31, 2012) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'13 TO DATE	FY'13 (Oct 1, 2012- Jun 18, 2013) TARGETS	PERFORMANCE (in %)
Overall Objective: Increased incomes for all types of participants in selected agricultural value chains							
Indicator Number	Indicator Title						
Indicator 1.	Value of incremental sales (collected at farm- level) attributed to USG assistance (in USD)	\$1,988,489	N/A	N/A	N/A	N/A	N/A
Indicator 2.	Percent change in value of total sales of targeted agricultural commodities	17%	N/A	N/A	N/A	N/A	N/A
<b>IR 1.1 Increased domestic and export sales resulting from the activities of local partners</b>							
Indicator 1.1.1	Value of sales of targeted agricultural commodities as a result of USG assistance (in USD)	\$39,057,346	N/A	N/A	N/A	N/A	N/A
Indicator 1.1.2	Volume of sales of targeted agricultural commodities as a result of USG assistance (in MT)	44,580	N/A	N/A	N/A	N/A	N/A
<b>Output Level Indicators</b>							
Indicator 1.1.1.1	Number of new varieties and products from the supported VCs developed	N/A	N/A	In Progress	In Progress	5	N/A
Indicator 1.1.1.2	Number of new exporters and new participants in the supported value chains	122	N/A	N/A	N/A	N/A	N/A
Indicator 1.1.1.3	Number of export capacity enhancement activities for Invest Macedonia	N/A	N/A	2	2	3	67%
<b>IR 1.2 Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners</b>							
Indicator 1.2.1	Number of private sector firms that have improved management practices as a result of USG assistance	N/A	N/A	271	271	325	83%
Indicator 1.2.2	Number of new technologies or management practices introduced	N/A	N/A	8	8	19	42%
<b>Output Level Indicators</b>							
Indicator 1.2.1.1	Number of formal delivery contracts made by supported VC participants	329	N/A	N/A	N/A	N/A	N/A
Indicator 1.2.1.2	Total number of individuals who have received USG supported short-term agricultural training	N/A	N/A	367	367	1,056	35%
Indicator 1.2.1.2 a	Number of male individuals who have received USG supported short-term agricultural training	N/A	N/A	237	237	809	29%
Indicator 1.2.1.2 b	Number of female individuals who have received USG supported short-term agricultural training	N/A	N/A	130	130	247	53%
Indicator 1.2.1.3	Number of capacity-building service providers receiving USG assistance	N/A	N/A	10	10	27	37%
<b>IR 1.3 Strengthened strategic planning and policy making of GoM and private sector partners</b>							
Indicator 1.3.1	Number of policy reforms / regulations / administrative procedures drafted and presented for public / stakeholder consultation as a result of USG assistance	N/A	N/A	1	1	2	50%
<b>Output Level Indicators</b>							

TABLE 3. INDICATOR ACHIEVEMENTS							
Indicator I.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	N/A	N/A	6	6	8	75%
Indicator I.3.1.1a	Number of policy reform needs identified	N/A	N/A	4	4	6	67%
Indicator I.3.1.2	Number of Sector Export Promotion Strategies developed	N/A	N/A	In Progress	In Progress	2	N/A
Indicator I.3.1.3	Number of advocacy capacity building activities implemented	N/A	N/A	2	2	15	13%
Indicator I.3.1.4	Number of VC entities who have received advocacy capacity building training	N/A	N/A	16	16	46	35%
Indicator I.3.1.5	Number of individuals who have received advocacy capacity building training	N/A	N/A	36	36	217	17%
IR I.4	Increased access to finance in the agriculture sector resulting from the activities of local partners						
Indicator I.4.1	Value of loans facilitated from non-DCA and DCA-supported finance institutions (in 000 USD)	N/A	N/A	3,650.47	3,650.47	3,500	104%
Output Level Indicators							
Indicator I.4.1.1	Number of MSMEs and farmers receiving USG assistance to access bank loans or private equity	N/A	N/A	9	9	18	50%
Indicator I.4.1.2	Value of customer financing need identified (in 000 USD)	N/A	N/A	68	68	270	25%
Indicator I.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	N/A	N/A	442	442	372	119%

#### **I.10.4 FY'12 Activities Implementation Status Report**

Table 4 below shows the status of all Activities at the end of the Quarter, as well as the Activities planned to be initiated in the next Quarter (listed in the first section of the Table untitled “To be Developed”). The section entitled “Being Developed” lists the Activities for which detailed Activity Descriptions were developed and submitted to AgBiz by the LFs for further review and approval. The following section “Being Implemented” lists Activities that are approved by both AgBiz and USAID; agreements with partners and participants were signed and are underway at the end of the Quarter. Brief Activity Objective, Total Cost and AgBiz Share (as allocated with ADs) are also shown for all of the Activities in compliance with the Budget allocated during the Annual Work Plan sessions.

The last section entitled “Completed” presents the Activities completed at the end of the Quarter, as well as the outputs of completed Activities. According to ADs, these Activities had a total cost of \$188,290 to which AgBiz contributed by 63 percent. Ten (10) new technologies or management practices were introduced to 367 representatives from 94 agribusinesses that participated in AgBiz supported Activities. The participants gave the Activities an average level of satisfaction score 4.9 out of 5.0.

**TABLE 4. ACTIVITIES STATUS REPORT**
**TO BE DEVELOPED**

169	Training programs for farmers for improved agricultural practice
170	Developing SEMP for FF&V and PF&V VCs - "Action Plan" and Final SEMP
171	Developing SEMP for FF&V and PF&V VCs - Wrap Up
172	Capacity Building Training for Invest Macedonia Staff
259	Study Tour and B2B events in Austria and Switzerland
260	Visit to International Fair Detrop, Thessaloniki
261	Presentations and B2Bs in Lithuania and Sweden
652	Support to the sustainable and continuous domestic production of high quality, certified, market demanded fruit planting material
653	Support in preparation of secondary legislation based on the recently adopted laws related to agriculture sector
920	PV VC Performance Survey for 2012

MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			ACTIVITY DESCRIPTION/OBJECTIVE
			TOTAL	AGBIZ	AgBiz Percentage	

**BEING DEVELOPED**

258	Study tour for POs/PGs for farmers in Hungary	PV	32.000	20.000	63%	Contribute towards establishment and strengthening of POs in the horticulture sector
649	Improvement of the fresh fruits supply chain efficiency through providing support in the initiation of a modern distribution center	FF&V	22.060	10.760	49 %	Support establishment of a modern distribution center for table grapes and peach that will ensure quality and extend sales season
651	Guidelines for the promotion of environmental friendly technologies for pepper production and post harvesting operations	FF&V	9.181	6.281	68 %	Organize the most effective way of dissemination of the modern technology for pepper production that requires lower input of pesticides and fertilizers
917	Developing Functional Scheme for Agricultural Insurance	PIRN	5.420	3.900	72 %	Develop recommendations for improved utilization of the crop insurance scheme in Republic of Macedonia
918	Development of implementing procedures of Good agricultural and hygiene practices as precondition for future State Support Policy	PIRN	8.800	7.800	89 %	Evaluate the existing Code of Good Agricultural Practices and other relevant regulation and create draft plan for institutional strengthening of involved bodies: National Extension Agency, State Agricultural Inspectorate and IPARD Paying Agency staff
919	Cost benefit analysis of the use of alternative heating systems	FF&V	14.015	8.765	63%	Provide comparative analysis of the heating systems that will further provide recommendations for energy savings through the implementation of environmentally friendly technology

**BEING IMPLEMENTED**

161	Monitoring of the VCs performance through Focus Group Discussions	FF&V	15.550	7.090	46%	Development of a platform for continuous monitoring of the VC performance as a basis for identification of the issues and needs for support in the VC on the producer's level
162	Educational and Matchmaking Events for FF&V and PV VCs' Participants (Phase 2)	AtF	4.500	900	20 %	Match the companies that need financing with sources of funding and educate companies and farmers about specific financial products dedicated to their target group
163	Organizing working meetings on different fruits and vegetables related topics (Phase 2)	PPD	7.692	2.780	36 %	Enable quality communication and analysis of priority issues in order to bring joint recommendation for decision makers through organization of working meetings of the Subsector Standing Groups on different topics
168	Continuing the process of capacity building of value chains participants and representatives of government institutions	PPD	8.000	6.800	85 %	Implementation of the training programs aimed to improve advocacy and enhancement of the policy dialogue skills of the VC representatives and employees in GoM institutions
328	Improvement of market linkages through an exhibition stand at Fruit Logistica 2013	FF&V	54.730	10.086	18%	Present Macedonian FF&V exporters at a National stand and enhance understanding on the latest trends and know-how in production and post-harvest handling of fresh produce
916	Integrated business solution for enterprises	PV	21.000	7.500	36 %	Improve PV VC companies' competitiveness through introduction of advanced tailor made integrated business solutions that will contribute to improved management of resources and internal processes

**TABLE 4. ACTIVITIES STATUS REPORT**

645	Analysis on experimental results from different post harvesting techniques for various apple varieties	FF&V	10.681	5.181	49 %	Introduction of various post-harvesting techniques through trial experiments for preservation of apple quality						
646	Facilitation / Implementation of contract farming	PV	52.000	27.000	52 %	Strengthen vertical integration of the VC by improving productivity and securing supply of sufficient quantities of raw material for PV VC members						
647	Production of new pepper variety for processing - yellow pepper (Phase 2)	PV	20.283	10.328	51 %	Stimulate and formalize cooperation between PV VCLAs and interested primary producers predominantly from cooperatives						
648	Support for the establishment and cultivation of intensive apple orchard in Prespa and promotion of the market demanded varieties through a demonstration plot	FF&V	38.340	4.840	13 %	Increase awareness through a demonstration plot for an intensive high density apple production (new modern technology) and improve competitiveness through the introduction of new apple varieties						
650	Regular update of the on-line tool for sub-sectoral fruits and vegetables groups	PPD	3.100	3.100	100 %	Strengthen the capacities and gain sufficient knowledge and skills of GoM's representatives to contribute to the enhanced promotion of Global G.A.P. implementation by the producers in Macedonia						
COMPLETED												
MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in AgBiz supported Activities	# of New Technologies/ Management Practices Introduced	# Male Individuals who have Received Training	# Female Individuals who have Received Training	# of Capacity Building Service Providers receiving Assistance	Average Evaluation Score
			TOTAL	AGBIZ	AgBiz Percentage							
254	Organization of a Networking Event for Access on Non-traditional Export Markets through Conferences and B2B Meetings, Slovakia	FF&V	16.368	11.118	68 %	N/A	12	N/A	26	9	2	N/A
255	Visit to the Apple Trade Fair Itepoma in Bolzano, Italy and Study Tour in Croatia	FF&V	13.626	5.192	38 %	N/A	1	3	8	N/A	N/A	4,8
FF&V VC COMPONENT SUBTOTAL			29.994	16.310	54 %	0	13	3	34	9	2	4,8
256	Organizing a buying mission of Russian importers in Macedonia	PV	8.103	3.326	41 %	N/A	9	2	15	7	N/A	4,9
647	Production of new pepper variety for processing - yellow pepper (Phase 1)	PV	20.283	10.328	51 %	N/A	18	N/A	21	2	1	N/A
PV VC COMPONENT SUBTOTAL			28.386	13.654	48 %	0	27	2	36	9	1	4,9
167	Training in Agribusiness for IM Export Promoters	IM	7.600	2.780	37 %	N/A	N/A	N/A	18	7	N/A	N/A
257	B2B with Agribusiness Companies from Hungary	IM	910	360	40 %	N/A	11	N/A	19	9	N/A	N/A
IM COMPONENT SUBTOTAL			8.510	3.140	37 %	0	11	N/A	37	16	N/A	N/A
165	External Analyses for the Process of SEMP's Development	SEMP	16.468	9.656	59 %	N/A	11	N/A	37	21	3	N/A
166	Developing SEMP's for FF&V and PF&V VCs - Confrontation	SEMP	16.952	10.140	60 %	N/A	12	N/A	29	31	2	N/A
SEMP COMPONENT SUBTOTAL			33.420	19.796	59 %	N/A	23	N/A	66	52	5	N/A
154	Building Human Resources Capacities (Preparation for EU Negotiation)	SOE	12.000	10.000	83 %	N/A	N/A	N/A	12	11	N/A	N/A
631	Support in Preparation of guidelines for PDO and PGI for specific Macedonian agriculture products	SOE	21.600	18.000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
644	Preparation of Strategic Framework Document for the new National Agricultural and Rural Development Strategy (NARS)	SOE	15.000	12.500	83%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
913	Annual Agricultural Report 2011	SOE	7.200	6.000	83%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SoE COMPONENT SUBTOTAL			55.800	46.500	83 %	N/A	N/A	N/A	12	11	N/A	N/A
159	Workshop on Hygienic Engineering and Design for achieving Food Products Standardization, Productivity and Competitiveness	PIRN	13.500	10.500	78 %	N/A	16	2	34	29	2	N/A



TABLE 4. ACTIVITIES STATUS REPORT												
164	Support to the Government of R. Macedonia for participation in the GlobalG.A.P. Summit in Madrid, Spain	<b>PIRN</b>	6.488	5.560	86 %	N/A	N/A	1	2	1	N/A	N/A
<b>PIRN COMPONENT SUBTOTAL</b>			<b>19.988</b>	<b>16.060</b>	<b>80 %</b>	<b>N/A</b>	<b>16</b>	<b>3</b>	<b>36</b>	<b>30</b>	<b>2</b>	<b>N/A</b>
163	Organizing working meetings on different fruits and vegetables related topics (Phase I)	<b>PPD</b>	7.692	2.780	36 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>PPD COMPONENT SUBTOTAL</b>			<b>7.692</b>	<b>2.780</b>	<b>36 %</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
162	Educational and Matchmaking Events for FF&V and PV VCs' Participants (Phase I)	<b>AtF</b>	4.500	900	20 %	N/A	4	N/A	16	3	N/A	N/A
<b>AtF COMPONENT SUBTOTAL</b>			<b>4.500</b>	<b>900</b>	<b>20 %</b>	<b>N/A</b>	<b>4</b>	<b>N/A</b>	<b>16</b>	<b>3</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL END OF FY'13 TO DATE</b>			<b>188.290</b>	<b>119.140</b>	<b>63 %</b>	<b>N/A</b>	<b>94</b>	<b>8</b>	<b>237</b>	<b>130</b>	<b>10</b>	<b>4,9</b>

\* Budget Allocated as per Approved Activity Description

## **I.1.1 OUTREACH AND COMMUNICATION**

### **I.1.1.1 Activities Completed during the Quarter**

During this quarter, the following activities were completed under the outreach and communication section:

- Assisted preparation and distributed media advisories and press releases on Hygienic Engineering and Design Conference (published in 9 print and electronic media) and Conference and B2Bs of Macedonian exporters and Slovakia importers of table grapes (published in 16 print and electronic media).
- Provided assistance on outreach procedures and marking compliance for:
  - EPI Centar's invitations for the Focus Groups Discussions in Kavadarci and Strumica and B2Bs of Macedonian exporters and Slovakia importers of table grapes.
  - Macedonia Export's invitation for the second round of SEMP workshops in Strumica.
- Participated at the two-day workshop on "Public Speaking" organized by USAID Development Outreach and Communication (DOC) office.
- Presented AgBiz work at the poster session – as a part of the conference "What WE do for small and medium size enterprises", organized by the USAID project "Business without Borders" in Bitola.
- Compiled press clippings of 37 AgBiz Program's media exposures released during the period October-December, 2012.
- Developed success stories on Contract Farming and Non-traditional Export Markets for the fresh fruits and vegetables value chain.
- Prepared AgBiz update for the Monthly Report for Ambassador.
- Prepared the list of AgBiz field presence activities and days for the last three months.
- Updated AgBiz two-pager.
- Coordinated regular update of the AgBiz web site.
- Provided monthly input on AgBiz activities for USAID's Economic Growth (EG) Office Events Calendar.

### **I.1.1.2 Activities Planned for the Next Quarter**

- Provide monthly input on AgBiz activities for the USAID's EG Office Events Calendar.
- Identify and develop success stories that reflect AgBiz's work results and positive impact.
- Communicate all major and significant activities and events with USAID and general public.
- Monitor AgBiz's media exposures and compile press clipping report.
- Provide assistance to LFs on branding and marking compliance procedures.

## 2.0 FINANCIAL REPORT

The first Quarter financial report is shown below. The report indicates that 93% of the program term is completed, 90% of the total budget has been invested. AgBiz expects an increase of Project Burn Rate during next Quarter, as a result of LF's implemented activities entering into completion phase. Expenditures to date are consistent with plan.

<b>CONTRACT No. EDH-I-03-05-00006-00</b> <b>Macedonia AgBiz</b> <b>Quarterly Report</b> <b>CONTRACT EXPENDITURES through December 30, 2012</b>					
Category	Contract Budget	Incurred as of 9/30/2012	Quarterly Costs 10/1/12 - 12/31/12	Total Costs Incurred as of 12/31/12	Remaining
Total All Other Costs	\$7,478,638	\$6,332,872	\$366,621	\$6,699,493	\$779,145
Grants	\$465,024	\$465,024	\$-	\$465,024	\$0
<b>SUB TOTAL CONTRACT COSTS</b>	<b>\$7,943,662</b>	<b>\$6,797,896</b>	<b>\$366,621</b>	<b>\$7,164,516</b>	<b>\$779,146</b>
FEE	\$345,664	\$264,249	\$13,936	\$278,185	\$67,479
<b>TOTAL CONTRACT COSTS</b>	<b>\$8,289,327</b>	<b>\$7,062,145</b>	<b>\$380,556</b>	<b>\$7,442,701</b>	<b>\$846,625</b>



# 3.0 REPORTS PRODUCED DURING THE QUARTER

## 3.1 EXTERNAL REPORTS

### 3.1.1 Outreach Releases

AgBiz's Press clippings October – December, 2012

Media Advisory - Conference and B2B with Slovakian Importers

Press Releases - Conference and B2B with Slovakian Importers

Media Advisory - Conference on Hygienic Engineering and Design

Press Release - Conference on Hygienic Engineering and Design

### 3.1.2 Success Stories

USAID's AgBiz Success Story - Contract farming

USAID's AgBiz Success Story - Non-traditional markets for fresh fruits and vegetables

### 3.1.3 Technical Materials

Guidelines for PDO/PGI Registration for Three Selected Commodities \_MK

Annual Agriculture Report for 2011\_MK

Strategic Framework Document for the New National Strategy for Agriculture and Rural Development MK

## 3.2 INTERNAL REPORTS

Activity Result Report “Networking Event and B2B Meetings with Importers from Slovakia”

Activity Result Report “Visit to the Apple Trade Fair, Interpoma Bolzano in Italy”

Activity Result Report “Buying Mission of Russian Importers in Macedonia”

Activity Result Report “B2B with Agribusiness Companies from Hungary”

Activity Result Report “Training in Agribusiness for Invest Macedonia Export Promoters”

Activity Result Report “Hygienic Engineering and Design for achieving Food Products Standardization, Productivity and Competitiveness”





**U.S. Agency for International Development**

Macedonia

Samoilova, 21

1000 Skopje, Macedonia

Tel: (+389 2) 310-2000; Fax: (+389 2) 310-2463

<http://macedonia.usaid.gov>